



Annual General Meeting
22 November 2016
Managing Director's Presentation

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Competent Person's Statement

Information in this booklet relates to information compiled by Mr Kane Marshall. Kane Marshall is a Practising Petroleum Engineer and Petroleum Geologist and holds a BSc (Geology), a BCom (Inv & Corp Fin) and a Masters in Petroleum Engineering.

Company Profile: Key Petroleum Ltd (ASX:KEY)

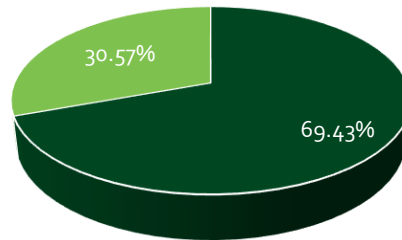
Board and Management Team

- ☼ Mr Kane Marshall (Managing Director)
- ☼ Mr Rex Turkington (Non-Executive Chairman)
- ☼ Ms Min Yang (Non-Executive Director)
- ☼ Mr Dennis Wilkins (Non-Executive Director)
- ☼ Mr Geoff Baker (Non-Executive Director)
- ☼ Mr Ian Gregory (Company Secretary)
- ☼ Mr Robert Ierace (Chief Financial Officer)

Capital Structure

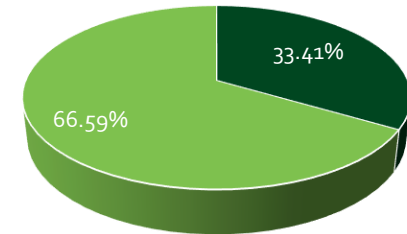
Share Price	\$0.004
Market Capital	\$3.59 million
Cash (September 2016)	\$1.1 million
Ordinary Shares	897,358,441
Unlisted Options	33,500,000

Top 20 Shareholders



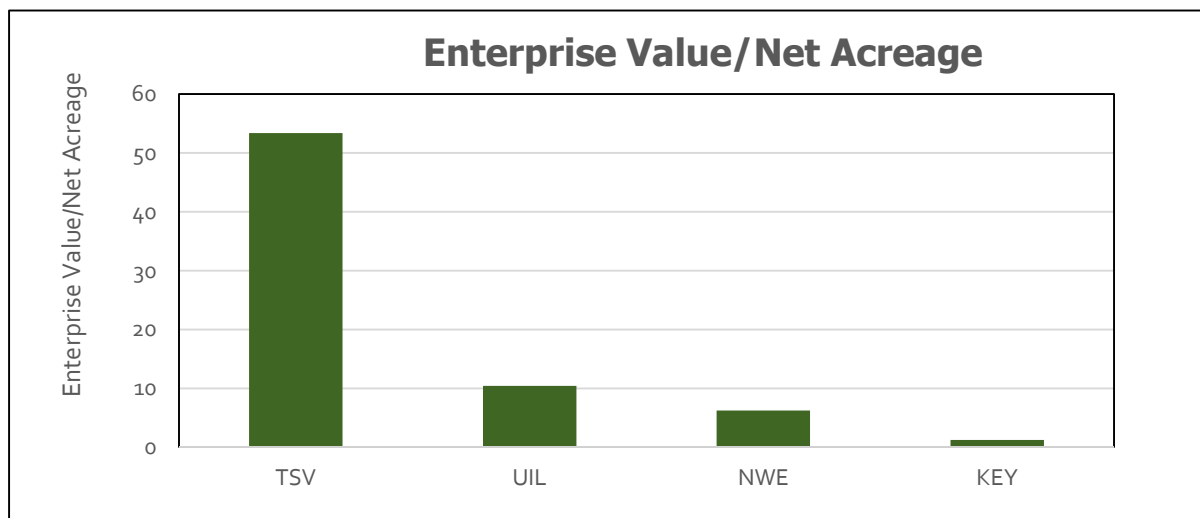
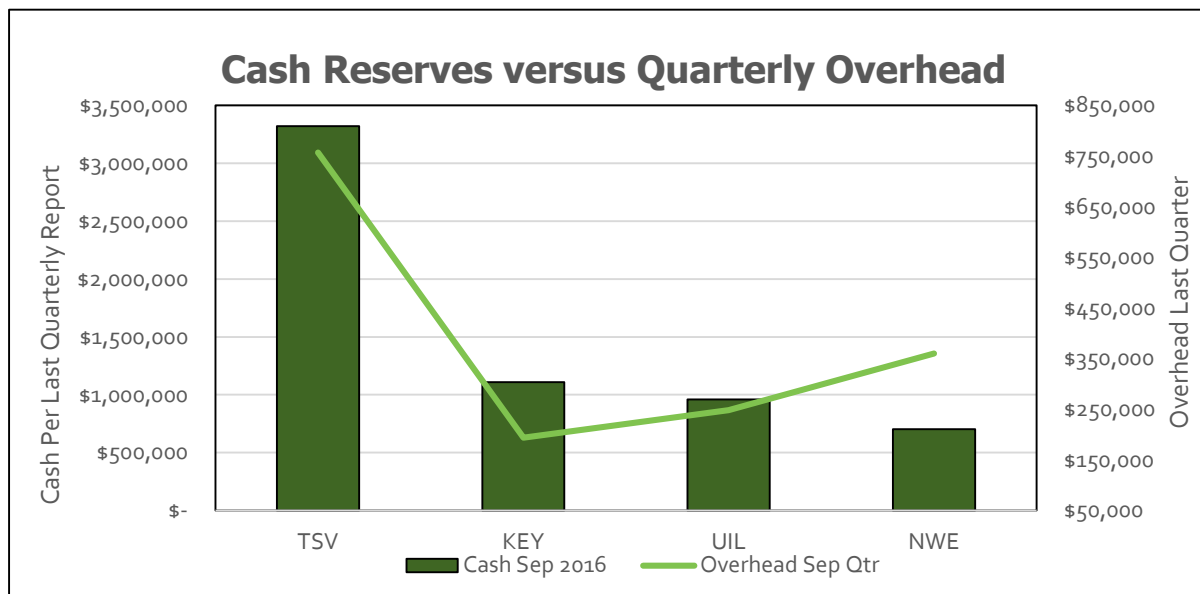
■ Top 20 ■ Remainder

Investor Analysis



■ Directors ■ Retail

Peer Comparison – Perth & Canning Basin

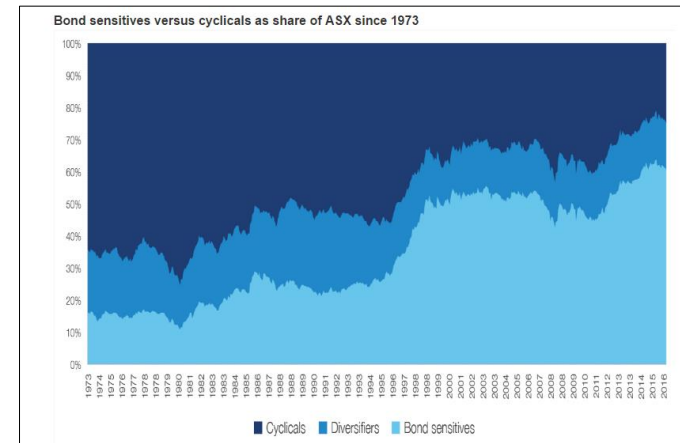


Key Exploration Strategy

- ☼ Acreage is strategically positioned close to ports and coastal towns in known oil and gas provinces:
 - ☼ WA-481-P located close to Cliff Head Oilfield, Geraldton and Dongara
 - ☼ EP437 prospects located 4-5 hour drive by truck from Kwinana Refinery
 - ☼ EP104, R1, SPA 20 AO and L15 located within 25 km of Derby Port and close proximity to resource projects
- ☼ Company is focused on 'bolt on' acquisitions with low capital intensive work programs in underexplored areas of Australian sedimentary basins
- ☼ Reputation as a low cost, safe and environmentally responsible Operator based on its track record of operations in Western Australia has opened up the possibility of establishing further strategic joint venture relationships across Australia
- ☼ Aim in 2017 is to reset the Company on promotable oil plays with a view that crude oil prices will return to circa US\$60 prices based on supply shocks from deferred major capital oil projects and improvements to economic growth and sentiment in advanced economies

2016/17 Capital Market Factors

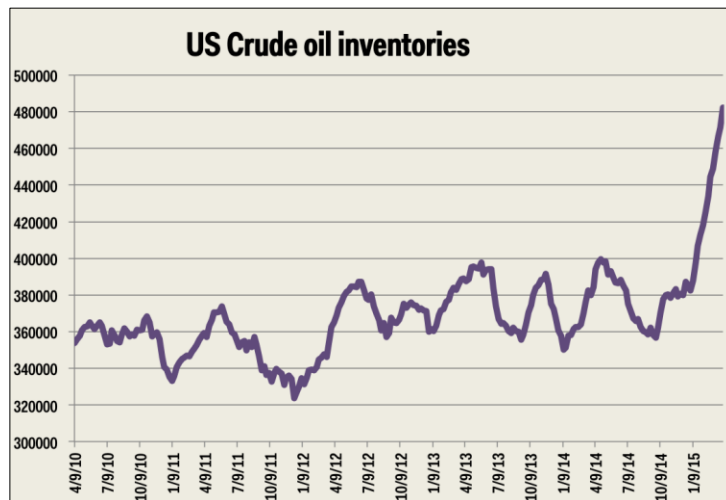
- ❄️ A low bond yield environment has forced investors from low yielding bonds (deposits) into bond like equities with little appetite for speculative and high risk investments
- ❄️ Many stocks lacking the tag of “yield play” have been overlooked as this macro-driven momentum distorted global share markets
- ❄️ Many investors did not go long during the February resource sell off leaving scope to now invest in cyclicals rather than diversifiers and bond sensitives
- ❄️ Cyclicals (oil and gas) largely protected from increase in bonds due to large amount of debt removed from balance sheets in last 12 months
- ❄️ With a reinvigorated exploration portfolio, supportive cornerstone investors and prudent capital management, Key is expected to re-rate in 2017 on exploration news flow



ASX Oil Small Caps - Key Catalysts

- ⚙️ Continued Middle East (Syria and Yemen) and South China Sea tensions
- ⚙️ Recent resolution in US presidential election – Trump win and views on:
 - ⚙️ US tax changes
 - ⚙️ Stimulus:
 - ⚙️ Increase in inflation and rally in equity markets
 - ⚙️ Potential move from mutual funds, institutions and retail investors into growth stocks that could have a knock on effect to Australian equities markets
 - ⚙️ Changes to foreign policy – impacts on Mexican and Middle Eastern oil industries
 - ⚙️ US Domestic Policy in support of the crude oil industry (shale players and supply)
- ⚙️ Longer term view that Australia needs a stable oil industry for energy security
- ⚙️ Rebalancing of global crude oil inventories
- ⚙️ Exploration news flow (e.g. Wye Knot-1 exploration well and other potential drilling)

Influence of Macro Economic Factors



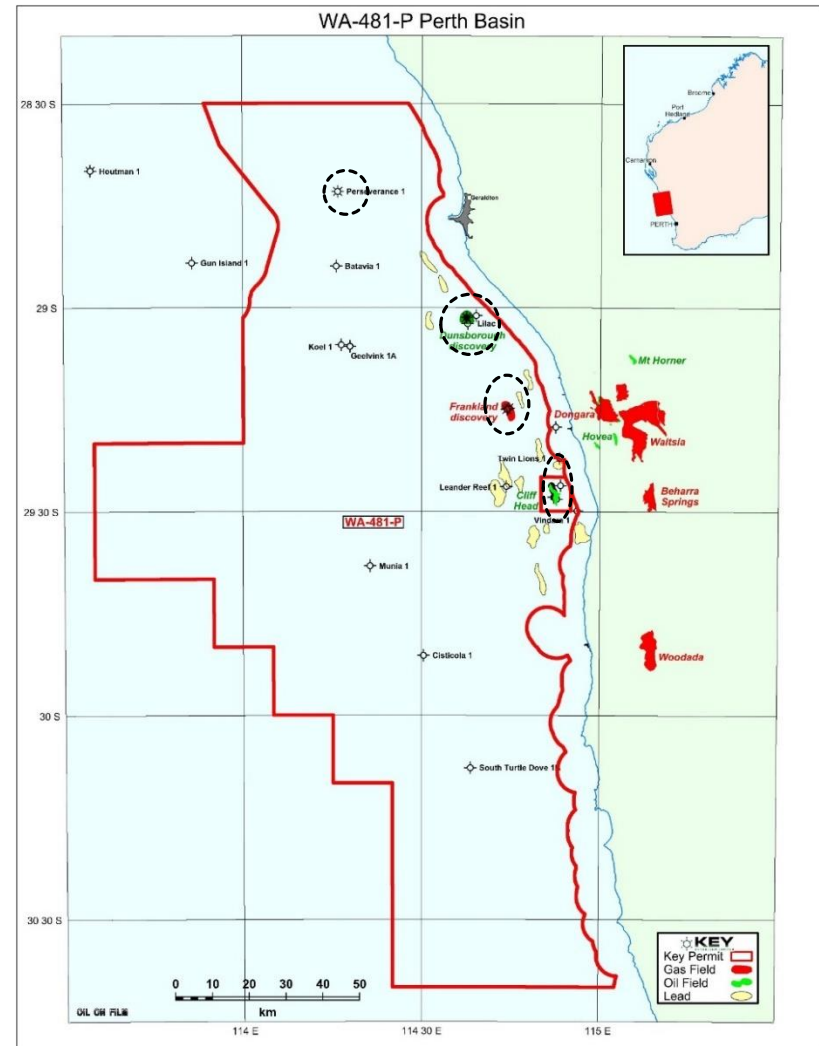
- ⚙ This time last year the outlook for all commodities was dire with tepid demand and a stumbling Chinese economy being factors significantly influencing the small capital end of the ASX
- ⚙ With crude inventories increasing in 2016, the sell off and structural changes to oil markets appear to be an overreaction but the downturn has been more protracted than previously envisaged (stamina of shale producers)
- ⚙ Companies are still adapting to the new 'norm' of US\$40 – US\$50 oil price
- ⚙ Key took the view 12 months ago that opportunities need to be evaluated, negotiated and acquired in the belief that oil prices will improve both with the crude oil demand/supply story and general economic sentiment

Australian Oil Supply

- ☼ Australia is one the world's top economic exporters but stocks of liquid fuels are unhealthy and it relies on three non-producing oil nations for feedstock (Singapore, South Korea and Japan) which import oil from the Middle East
- ☼ Refinery closures (42% over three years) coupled with growing demand for petroleum have increased Australia's dependency on imported refined petroleum products. Examples of the remaining Australian refineries include:
 - ☼ Kwinana Refinery (Western Australia) – BP recently announced plans to renew the State Agreement with the Western Australian Government and spend AU\$80 million on upgrades being Australia's largest refinery
 - ☼ Port Bonython (South Australia) – mainly import facility for refining
 - ☼ Inland Refinery (Eromanga, Queensland) – capacity for additional crude to be trucked and refined from new discoveries
 - ☼ Lytton (Brisbane, Queensland) and Geelong (Victoria) – mainly import facility for refining
- ☼ Australia is consistently the only International Energy Agency member country among 29 developed economies that fails to maintain the mandated stockpile of 90 days' worth of net oil imports
- ☼ Oil prices predicted at US\$50 -US\$60 per barrel in 2017
- ☼ Key is focused on oil plays that are not capital intensive in comparison to gas plays, close to established refineries (with capacity) and in areas that can still attract investment during what could be a much more protracted downturn than many anticipated

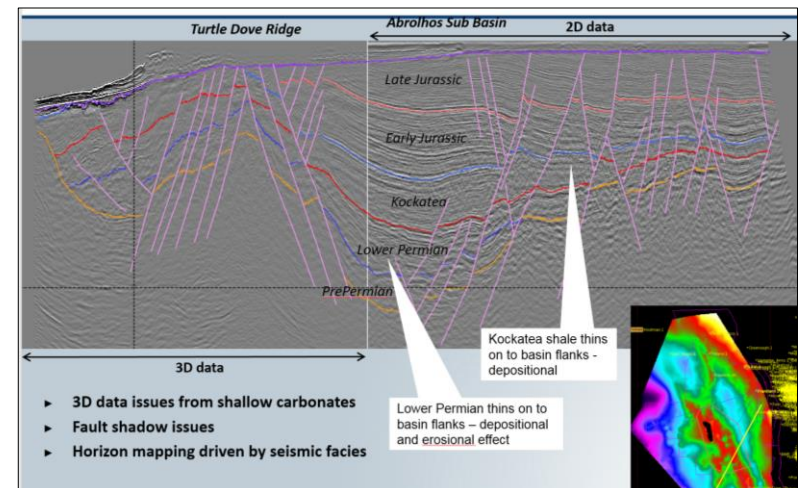
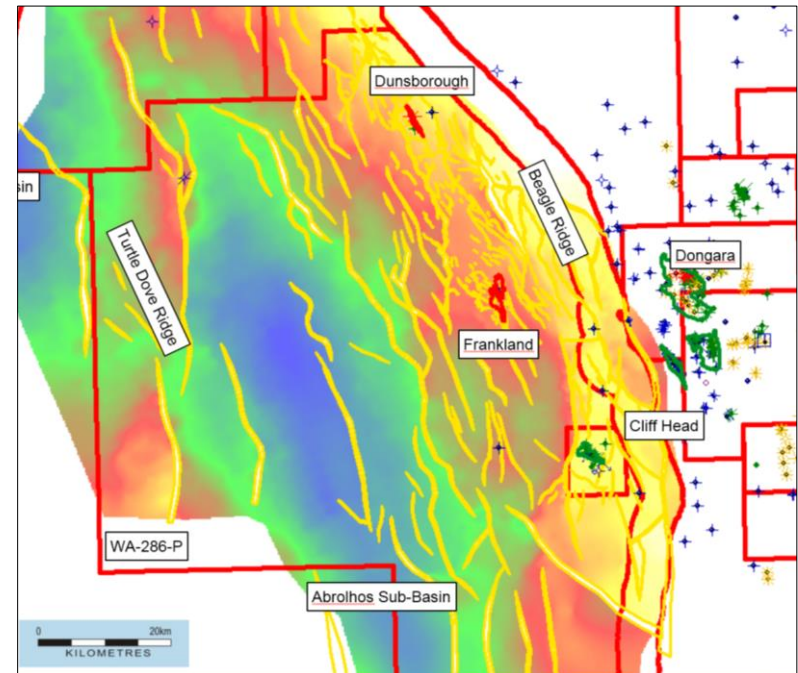
WA-481-P – Offshore Perth Basin Western Australia

- ☀ Pilot Energy Limited 60% - Operator
- ☀ Key Petroleum Limited 40%
- ☀ Licence in year four, until August 2017
- ☀ Current work program is G&G
- ☀ Year 5 work program - one well
- ☀ Year 6 work program - one well
- ☀ Many prospects and leads identified in preliminary review with work ongoing
- ☀ Existing oil and gas discoveries were made in the Dongara sandstone at Cliff Head Field, Frankland Dunsborough and Perseverance
- ☀ Circa AU\$130 million spent on exploration on the Turtle Dove Ridge by previous joint venture focusing on large high risk structures in frontier part of permit
- ☀ AU\$65 million in PRRT credits received by Pilot from Murphy Oil of which 40% are to be allocated to Key



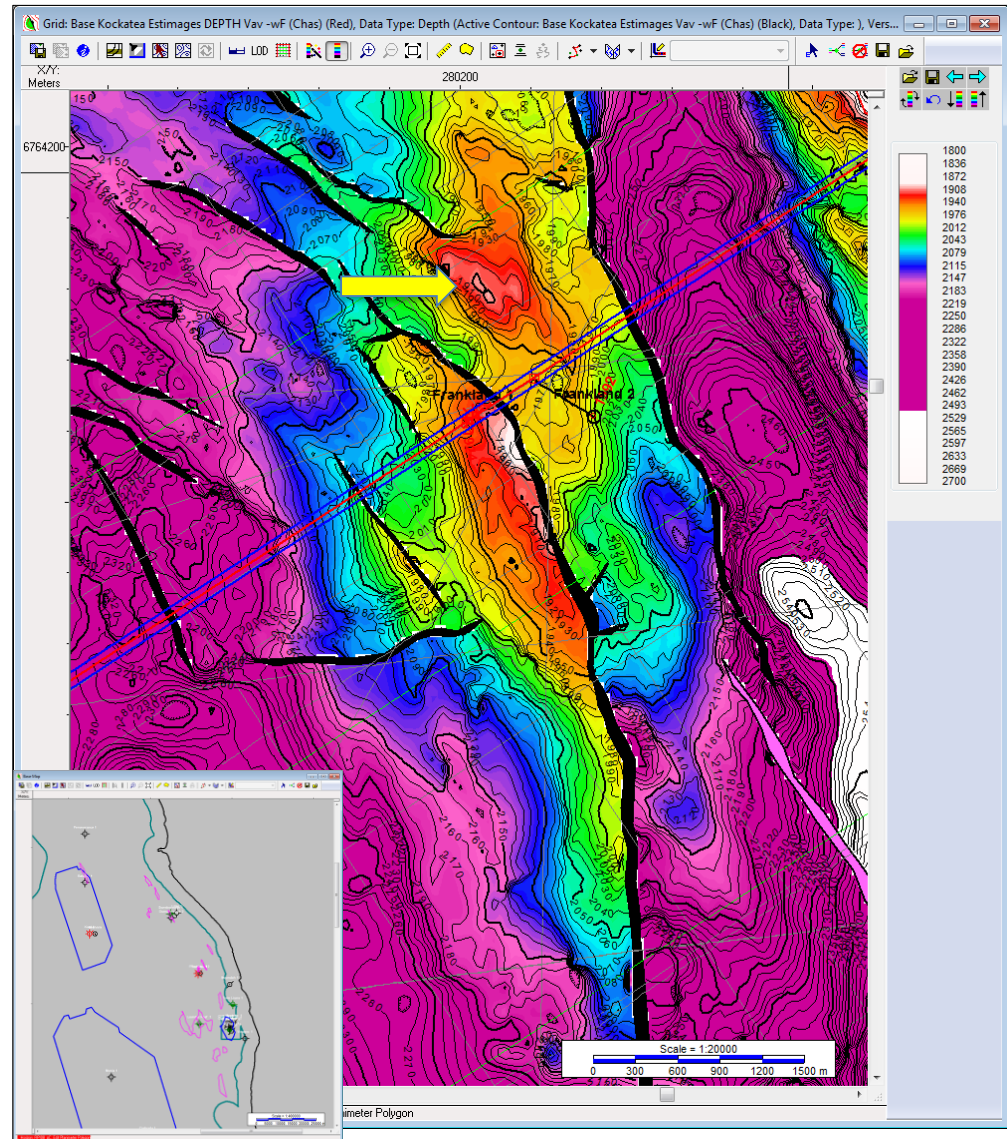
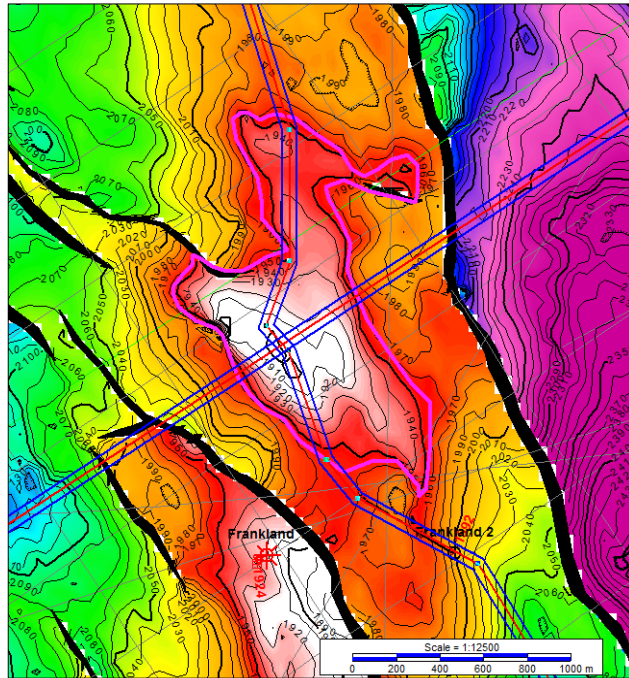
Regional Overview

- ✧ Exploration results from the previous joint venture on the Turtle Dove Ridge were the wells intersected tight reservoirs due to burial and minor hydrocarbon migration
- ✧ Exploration is now re-focussed on inshore updip ("inboard") from the Abrolhos Sub-Basin
- ✧ Reservoirs are predominantly Dongara Sandstone and Irwin River Coal Measures (Permian)
- ✧ Source rocks Irwin River Coal Measures (Permian) gas (and some oil) plus the Kockatea Shale for oil (Triassic)
- ✧ Focus onshore has been the development of AWE Limited's Waitsia Gas Field which are reserves reservoirised in Permian formations
- ✧ Triangle Energy Limited recently acquired AWE Limited's Cliff Head interest
- ✧ Two planned Waitsia wells and the drilling of Xanadu-1 are activities in the vicinity of WA-481-P



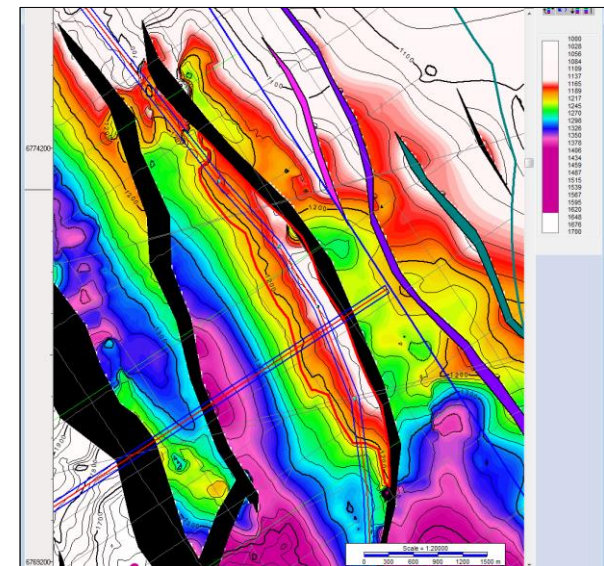
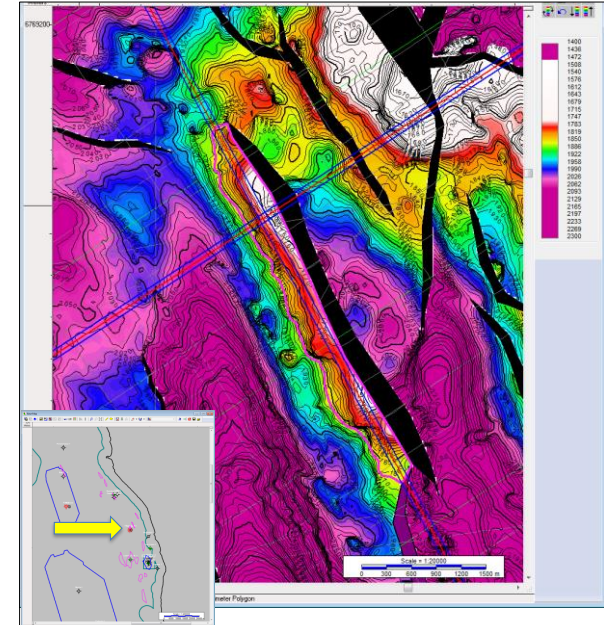
Frankland North Lead

- ☼ Directly north of Frankland gas discovery
- ☼ Closure 1.7 km² to -1,950 m above Frankland-2 well intersection
- ☼ Gross reservoir thickness of 42 m

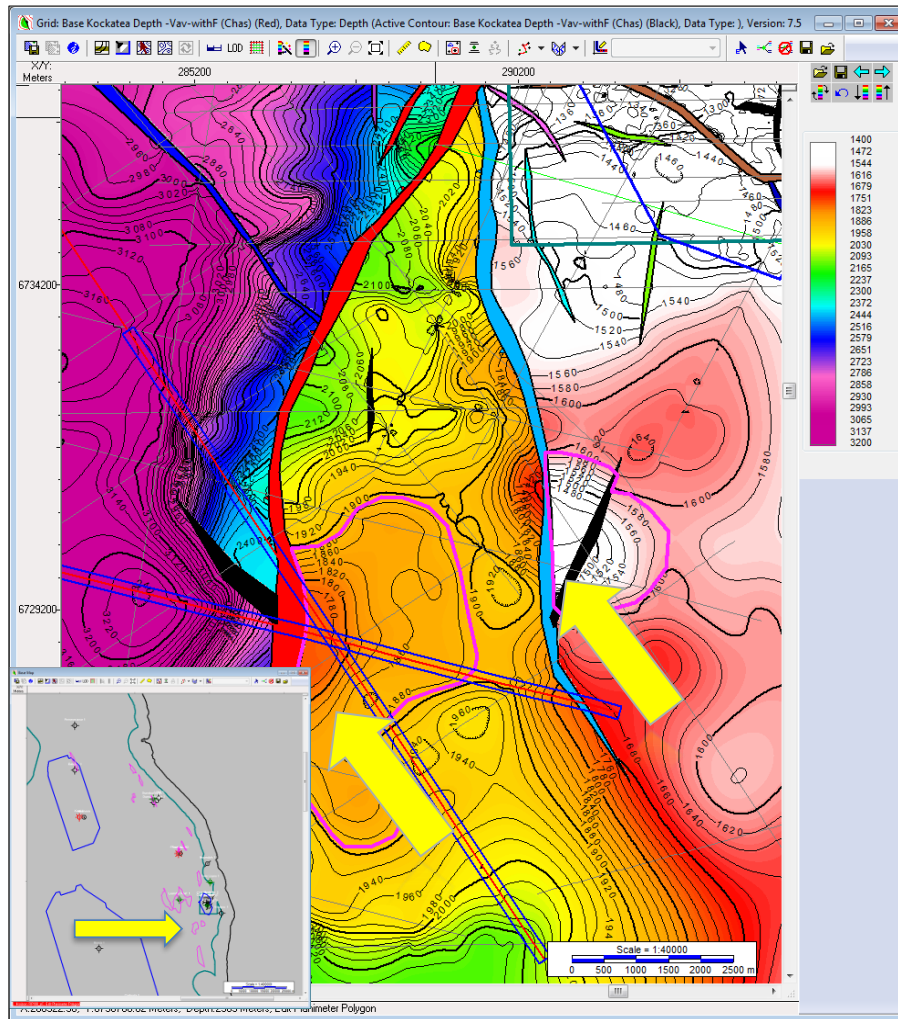


Frankland North East-1 & 2 Leads

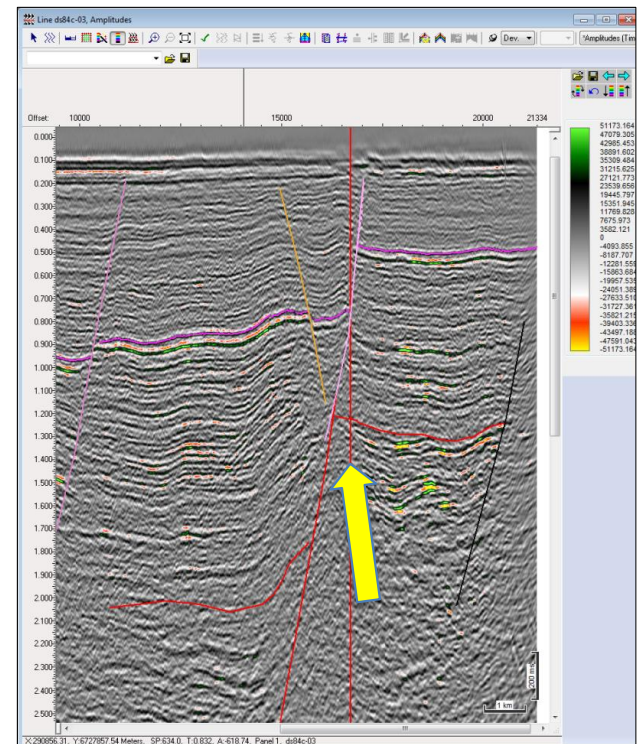
- ☼ Both located north east of Frankland
- ☼ Frankland North East-1:
 - ☼ Located to NE of Frankland gas discovery
 - ☼ Elongate structure
 - ☼ Closure 2 km²
 - ☼ Relief 160 m
 - ☼ Crest 1,700 m
- ☼ Frankland North East-2:
 - ☼ Elongate structure
 - ☼ Closure 2.3 km²
 - ☼ Relief 100 m
 - ☼ Crest 1,100 m
- ☼ Together with the Frankland North lead and Frankland discovery, prospective resources are to be completed and then development screening economics to be completed prior to the end of the second quarter
- ☼ Frankland area attractive from gas development perspective:
 - ☼ Located close to infrastructure
 - ☼ Strong demand for domestic gas
 - ☼ Located close to Arrowsmith gathering facility



South Cliff Head Area Leads



- ☼ Located downdip of Cliff Head Oilfield on the migration route
- ☼ 2D seismic defined
- ☼ Large Closure 10.3 km² east and smaller Closure 3.5 km² to the east
- ☼ Undrilled area with more upside to be mapped south of producing field



EP437 – North Perth Basin, Western Australia

- ☼ Technical review focused on prospectivity
- ☼ Demonstrated Asymmetric Dandaragan trough preferentially migrates hydrocarbons to the northwest

Forward Plan

- ☼ Well pre-planning underway for Wye Knot-1 commitment well with a view to drilling in first half of 2017
- ☼ Wye Knot prospect is shallow, low cost and located on trend from productive trends including Dongara and Hovea Fields
- ☼ Analogue fields both demonstrated the same characteristics of a gas cap on an oil leg of differing compositions

Mount Michael Fault Mountain Bridge Fault

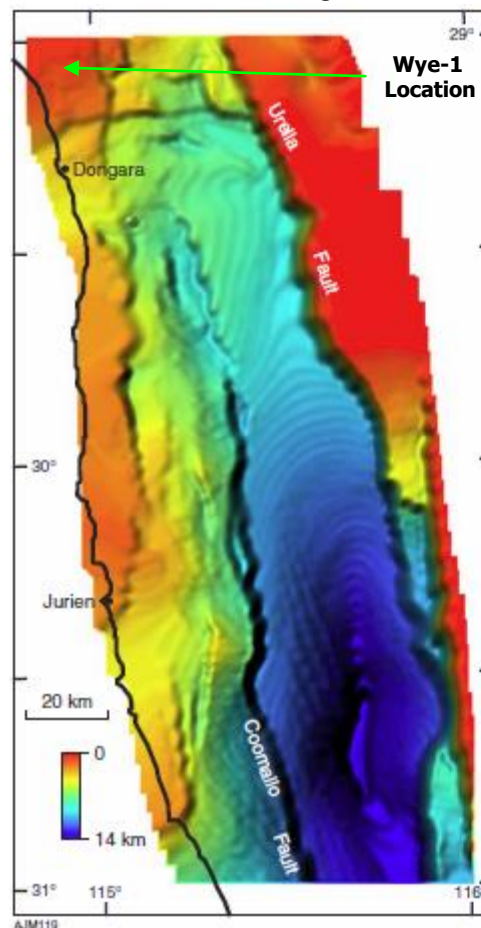


Figure 42. Image of depth to basement

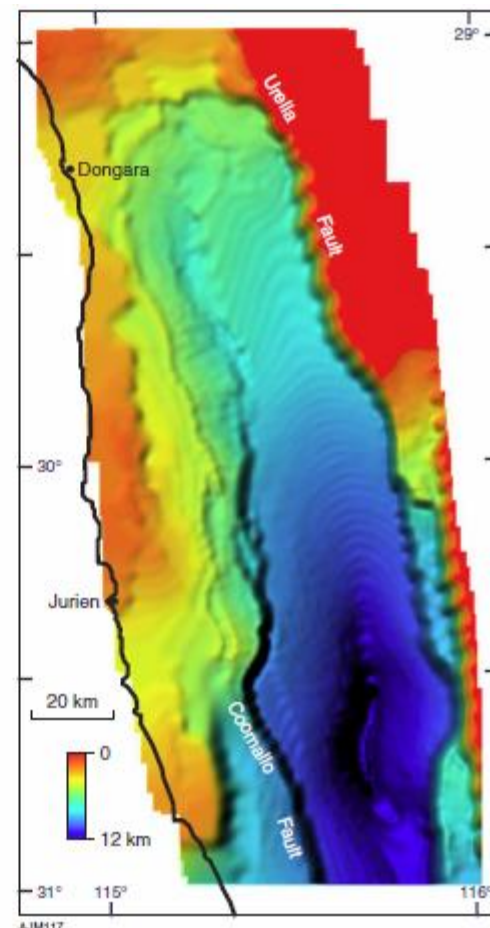
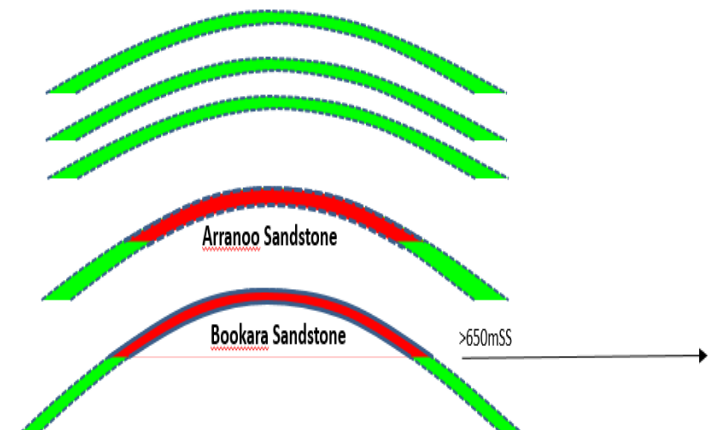
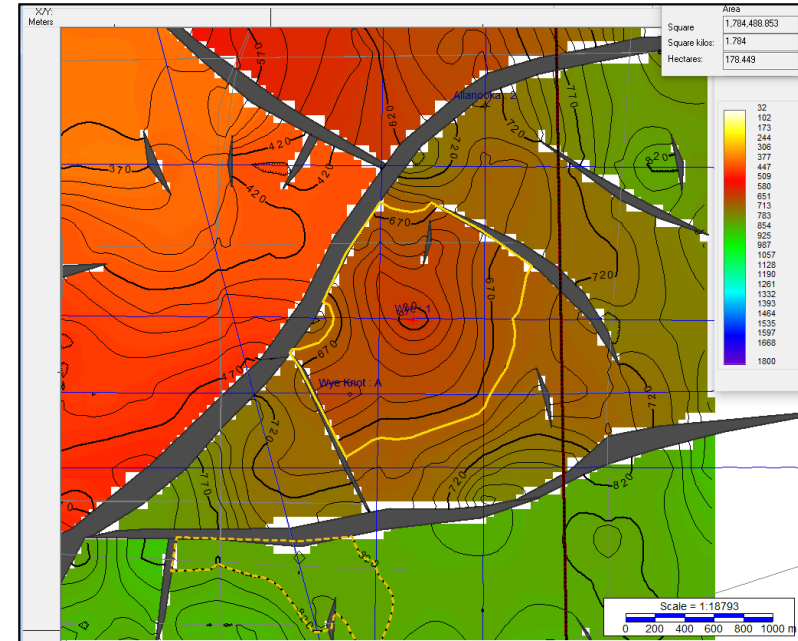


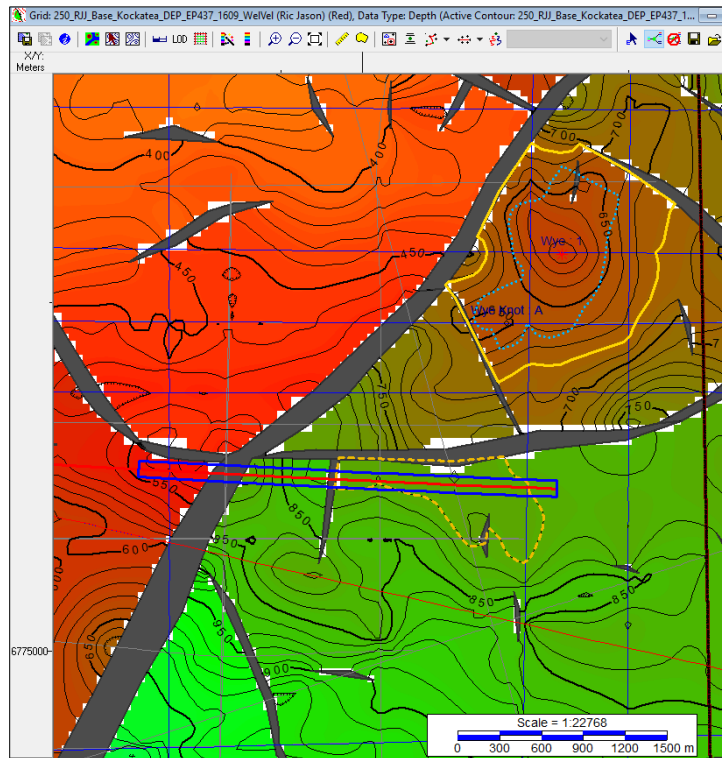
Figure 43. Image of depth to top Permian horizon

Wye Knot Prospect

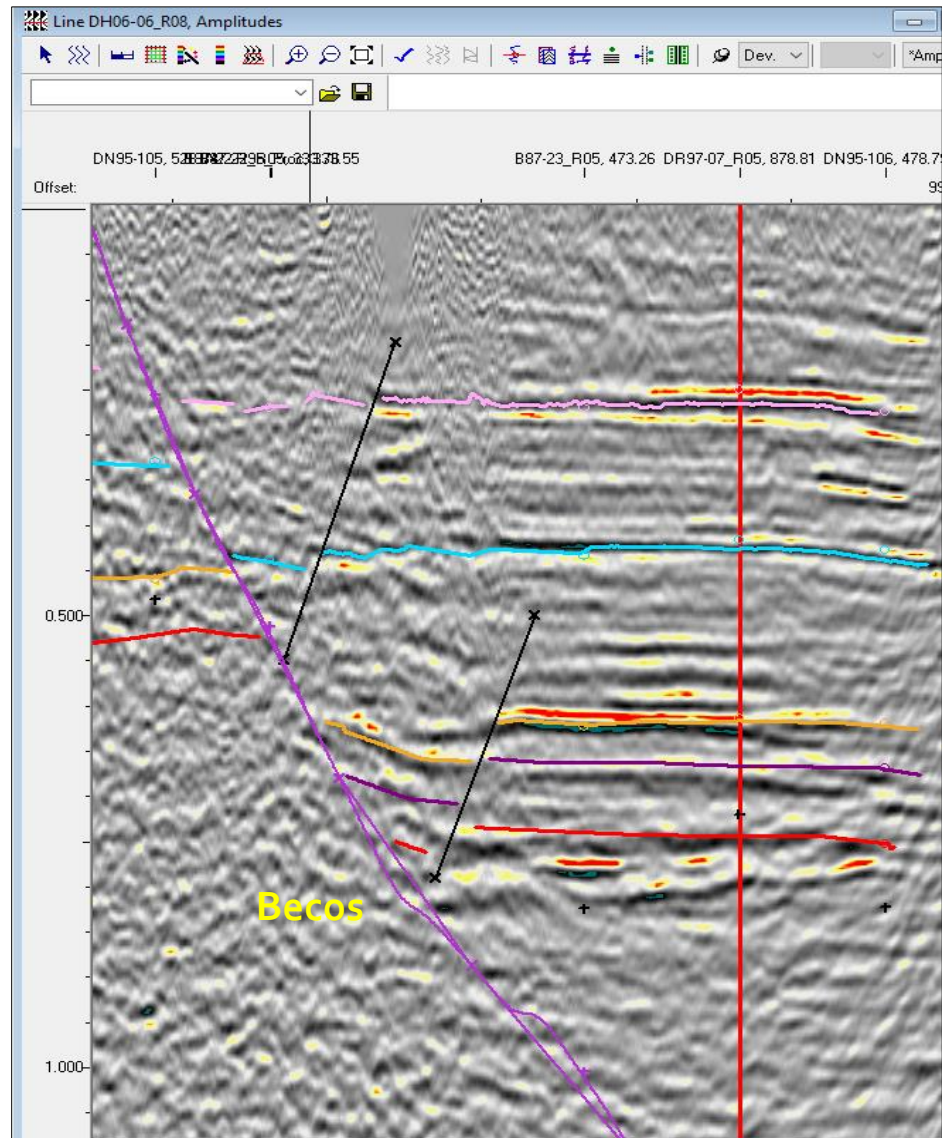
- ☀ Current Wye Knot-1 well location Bookara target depth 648 m ~ 34 m down dip from Wye-1
- ☀ Proven trap as defined by gas pay encountered at Wye-1 with Wye-1 Drill Stem Test #2 results showing obvious depletion indicating limited reservoir extent
- ☀ Well designed to test potential for a commercial oil leg
- ☀ Attractive liquid volumes, even with minimal gas cap, with a preliminary low, best and high case prospective resource estimate of the Triassic intervals only of 0.1, 0.8 and 3.3 mmbbls
- ☀ The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons
- ☀ Resource estimates for Permian intervals are to be included in resource volumetrics
- ☀ Oil flowed in Dongara-8 @ 800 bopd, three years after the initial discovery that flowed gas @ 10 mmscf/d with a 22 m oil column was established at Dongara, below a gas cap of 122 m



Becos Prospect

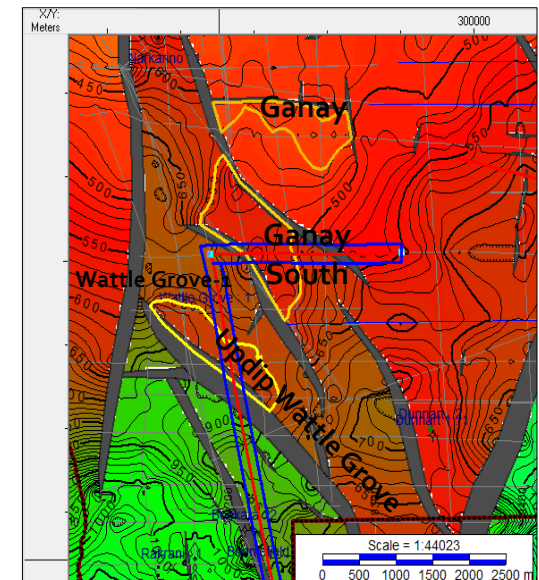
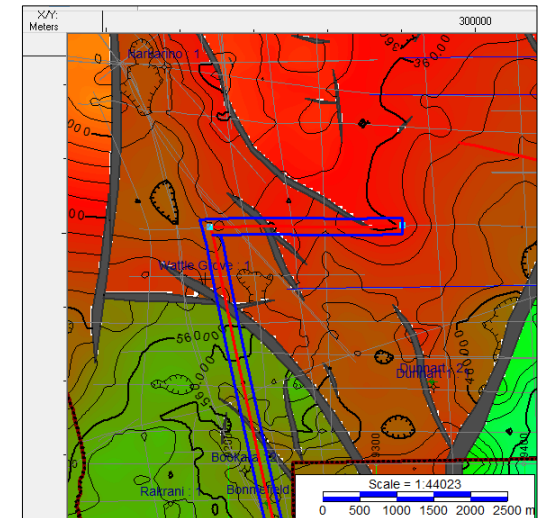
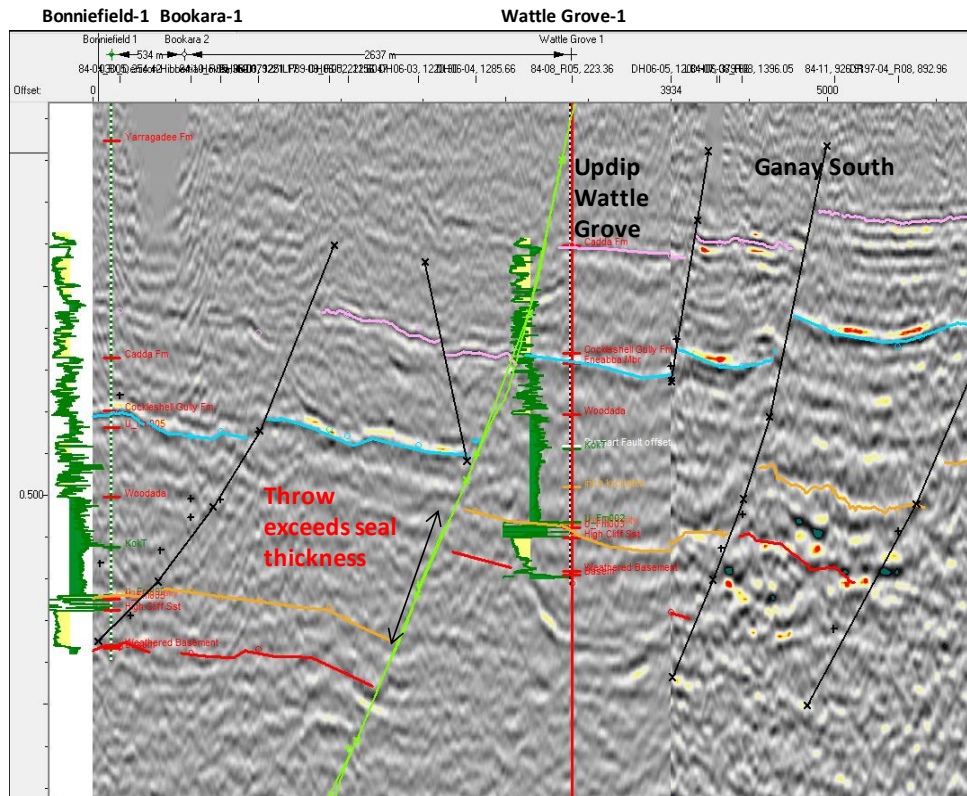


- ☼ Larger structure downdip of Wye Knot, currently finalising prospective resource estimates
- ☼ Stratigraphic potential in greater area towards the east and Allanooka-1



Ganay Lead Area

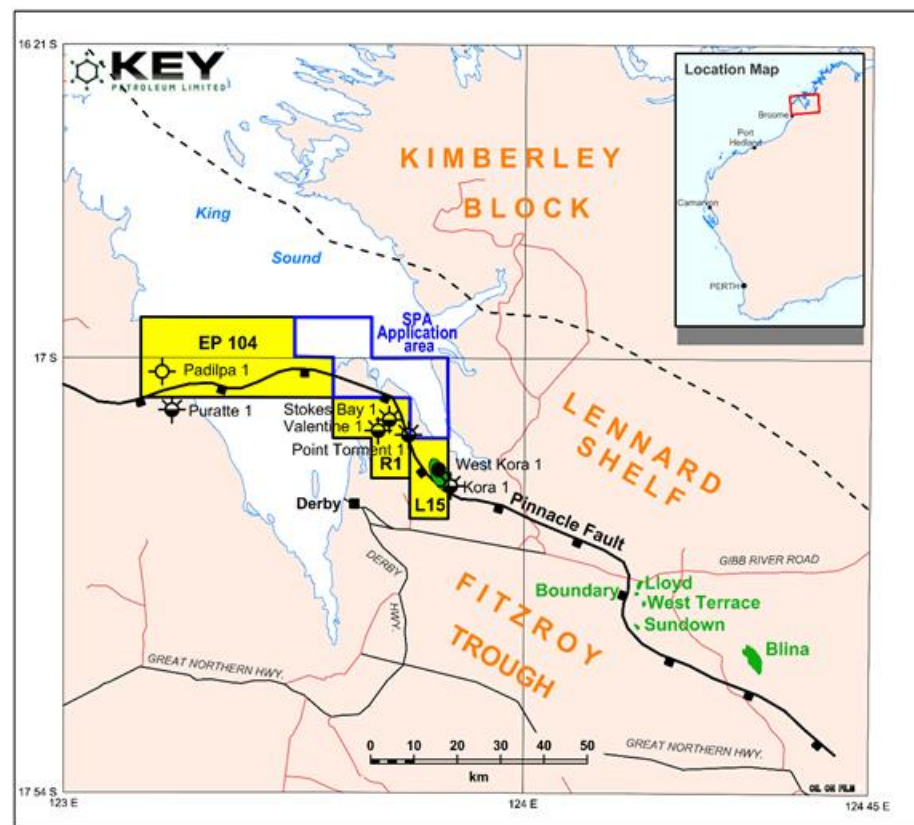
- ☼ Updip Wattle Grove has oil shows in Permian Carynginia
- ☼ Ganay South further upside
- ☼ Further work being completed in conjunction with planning of drilling Wye Knot-1 for consideration of greater drilling campaign



R1, L15, SPA 20 AO & EP104 - Northern Canning Basin, Western Australia (Lennard Shelf)

Prospectivity and Work Program

- ☼ Acreage on margins of underexplored basin along the Lennard Shelf adjacent to the Fitzroy Trough
- ☼ Proven discoveries in acreage – West Kora-1 (L15) and Point Torment-1 (R1)
- ☼ Play types are mainly Anderson Formation sands in which Buru Energy Limited recovered oil from same formation on the other side of Fitzroy Trough at Ungani Far North-1 in 2016
- ☼ Retention Lease R1 recently renewed for a further 5 years on work program that has no wells or seismic
- ☼ Recently granted Special Prospecting Authority with acreage option north of R1 (SPA 20 AO)
- ☼ Reprocessing on key lines in EP104 showed evidence of direct hydrocarbon indicators over the Black Rocks Prospect in EP104
- ☼ Work program is minimal in next 12 months

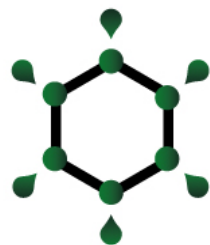


Forward Plan

- ☼ Airborne survey and surface geochemistry to better delineate Point Torment Gas Field areal extent and potentially identify other undrilled gas pools (SPA 20 AO, EP104 and R1)
- ☼ Undertake review of assets in 2016/2017 in light of work program to determine optimal path to commercialisation

Looking Ahead to 2017

- ❖ Drilling of the Wye Knot-1 Prospect in EP437 in 2017 – timing subject to regulatory approvals and adequate consultation with landowner
- ❖ Further maturity of prospects and leads in WA-481-P with a view to farming out
- ❖ Geochemical survey in EP104 and Airborne Survey in R1 and SPA 20 AO
- ❖ Rationalise portfolio of interests with addition of 'bolt on' opportunities
- ❖ Company currently active in new venture evaluations as it seeks to diversify portfolio of assets which are well advanced and regarded as commercial at current oil prices in line with corporate and technical strategies
- ❖ Acquire acreage that is in close proximity to refineries and other infrastructure that allows for a more expedient path to commercialisation
- ❖ Key has met 2016 equity market challenges with continuing prudent capital management and maturing current and new project opportunities that puts the Company on a sound platform leading into 2017



KEY

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