

**KEY**  
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# Quarterly Report

For the Period Ended 30 June 2017



ACN 120 580 618

# Update on Petroleum Exploration Activities

## Highlights for the Quarter

- Completion of a Sale and Purchase Agreement with subsidiaries of Beach Energy Limited ("Beach") to acquire 100% ownership of Authorities to Prospect ATPs 783, 920 and 924 located in the Cooper Eromanga Basin in Queensland, subject to standard Ministerial approvals. This included an environmental audit of ATP 924 seismic survey lines to assess the rehabilitation status as part of the conditions precedent for the Sale and Purchase Agreement;
- Agreement of Binding Terms for the Acquisition of L7 (R1), Onshore Perth Basin with an option to farm out WA-481-P, Offshore Perth Basin to AWE Perth Pty Ltd;
- Commenced preliminary geological and geophysical mapping of Cooper Basin ATP's, with a focus on gas prospectivity near the Marengo and Clinton gas fields;
- Wye Knot-1 well preferred location chosen with additional 'optional' locations being considered as discussions with relevant landowners near completion. Preliminary enquiries for drilling and third-party services for the Wye Knot-1 well also commenced;
- Submission made to the Aboriginal Lands Trust (ALT) for grant of Transmit Access Permit and Mining Access Permit pertaining to Saddleback Geochemical Survey (EP104);
- Completion of the resource assessment for various hydrocarbon pools and mapped structures in the Northern Canning Basin assets; and
- Planning of field activities and airborne surveys (AEM-PTP) along the Lennard Shelf trend in the Canning Basin, including R1.

## Activities Subsequent to the Quarter

- WA-481-P Operator, Pilot Energy Limited ("Pilot"), provided a work program update to the market advising that NOPTA has agreed to remove the two material commitment wells from the remaining secondary term; and
- Preparation of data for AWE as part of the farm out option for WA-481-P, Offshore Perth Basin.

## Activities for the Upcoming Quarter

- Completion of tendering for Wye Knot-1 drilling and third-party services, and the submission of Application to Drill and associated documentation to DMP for approval;
- Continued new venture evaluation and consolidation in key exploration areas;
- Acquisition of aerial AEM-PTP survey over R1 to further evaluate economic potential of existing and future hydrocarbon pools;
- Plan and undertake field assessment and remediation of R1 and L15 areas to meet remediation conditions of Environment Plan (Rev F) as well as work program commitments; and
- Annual care and maintenance of suspended/shut-in wells in L15 and R1.

# Cooper Eromanga Basin, Queensland

ATP 920, ATP 924 and ATP 783

Key Petroleum Limited (Key Cooper Basin Pty Ltd)

100.00%

(Sale and Purchase Agreement conditions precedent met – awaiting Transfer of Title)

## ATP 924

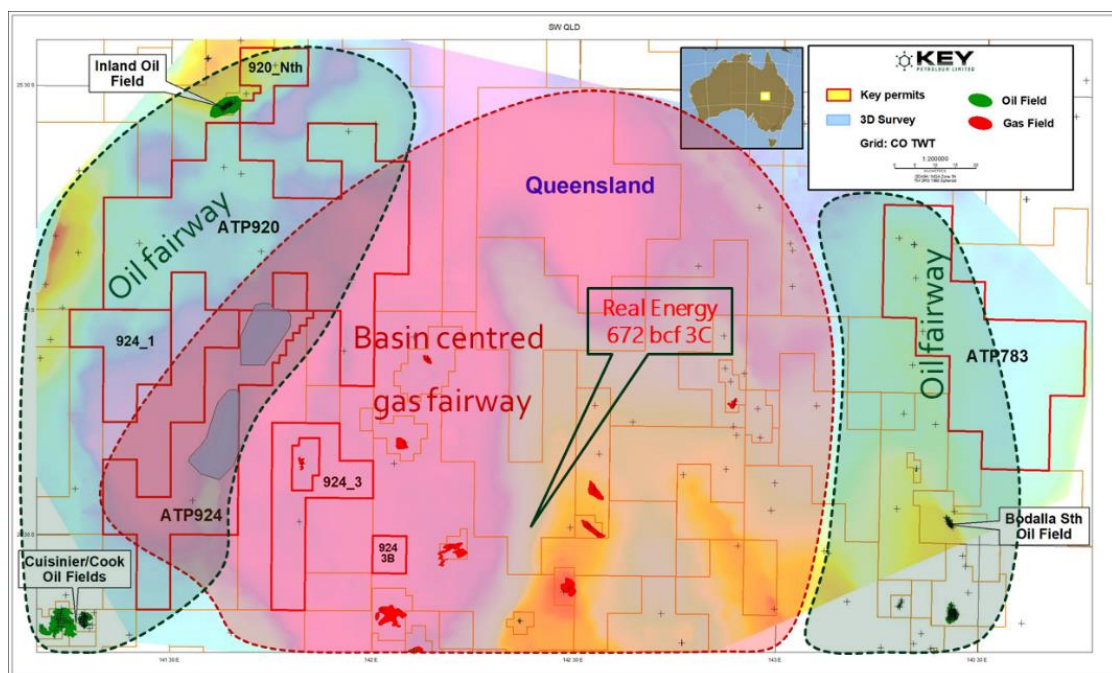
- Focus of recent activity with the acquisition of Taj and Hurron 3Ds and several 2D seismic surveys, as well as the drilling of Maroochy-dore-1 well (gas shows).
- Captures a large part of the northwest Eromanga (Inland – Cook) Oil Fairway.
- Excised Marengo and nearby Barrolka gas fields. Permian 'basin centred' gas fairway with potential for large prospective reserves.
- Multiple play types – Jurassic oil, Triassic and Permian gas.

## ATP 920

- Overlies the north-west edge of the Jurassic Eromanga (Inland – Cook) oil fairway.
- Near field exploration potential to producing Inland Oil Field (adjacent to the northern block boundary).
- Four local wells (Tanbar North-1, Cuddapan-1, Morney-2 and 3) have recovered oil on test.

## ATP 783

- Captures a significant portion of the Eromanga 'Eastern Flank' oil fairway
- Oil recovered on test from 4 local wells in permit: Earlstoun-1, Chandos-1, Cumbroo-1, Cooloo-1 with material up-dip potential identified.
- Near commercial oil fields: Byrock (12km southwest), Bargie (17km southeast), Bodalla South (25km south) and Bunaya Gas field (50km southwest).



Location of ATP 783, 920 and 924 located in the Cooper Eromanga Basin near oil and gas infrastructure as well as known discovered oil and gas fields.

# Acquisition of L7 (R1), Onshore Perth Basin

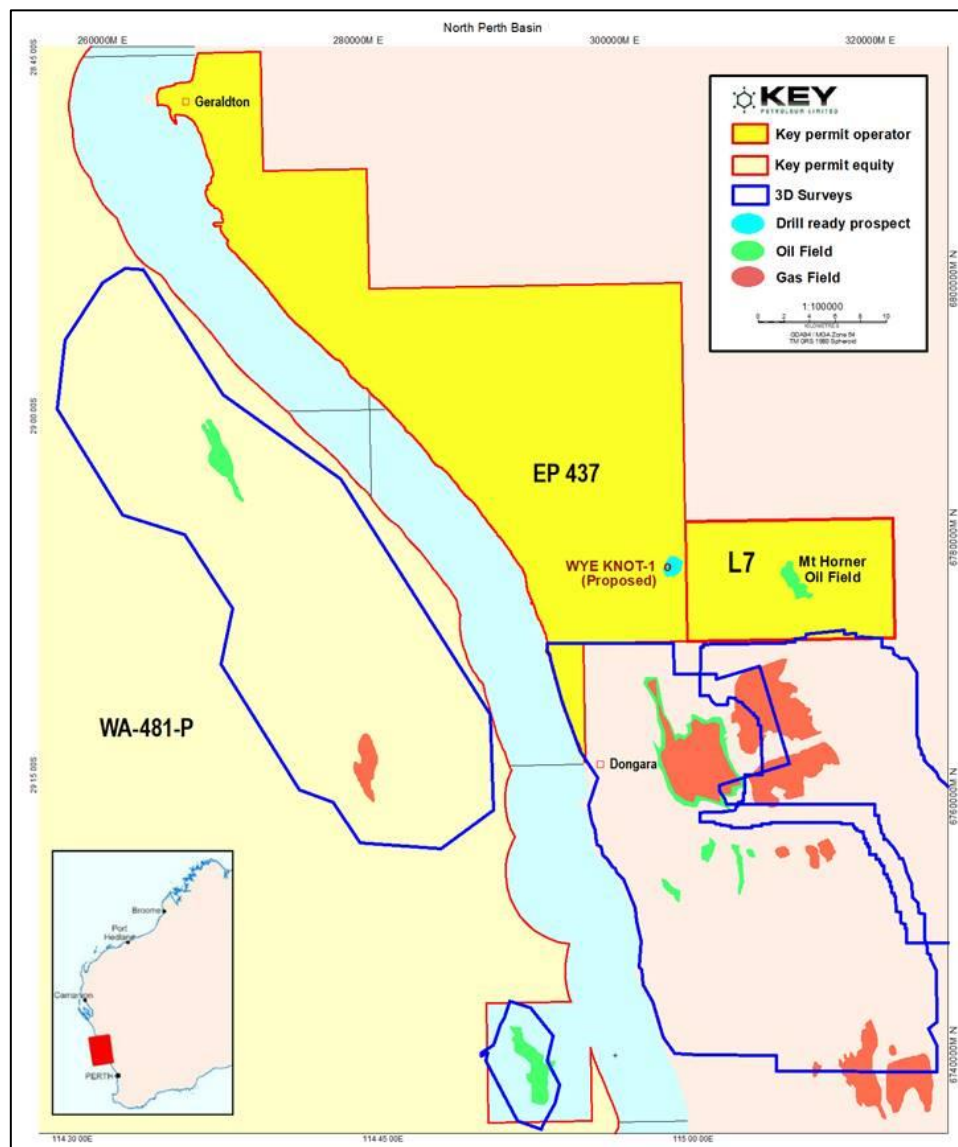
Key Petroleum Limited (via wholly owned subsidiary) (Operator)

100%

Key Petroleum Limited ("Key") is pleased to announce that it has agreed binding terms for the acquisition of AWE Perth Pty Ltd's ("AWE") 100% interest in Production Licence L7 (R1) via its wholly owned subsidiary, Key Petroleum (Australia) Pty Ltd ("Key Australia"). The terms of the deal include an 'option' for AWE to farm into 50% of Key's 40% interest in WA-481-P permit.

## L7 (Mt Horner)

- Significant expansion of Key's Australian assets, which is expected to include portfolio of lower risk oil prospects in the Perth Basin. L7 has no immediate work program, a proven oil pool (with resources to be announced in due course) and infrastructure lying adjacent to the prospects Key has mapped in EP437; and
- Any economic discoveries in EP437 and/or L7 could potentially be fast tracked to development via the Mount Horner infrastructure in conjunction with the possible reactivation of Mount Horner oil production subject to regulatory and government approvals.

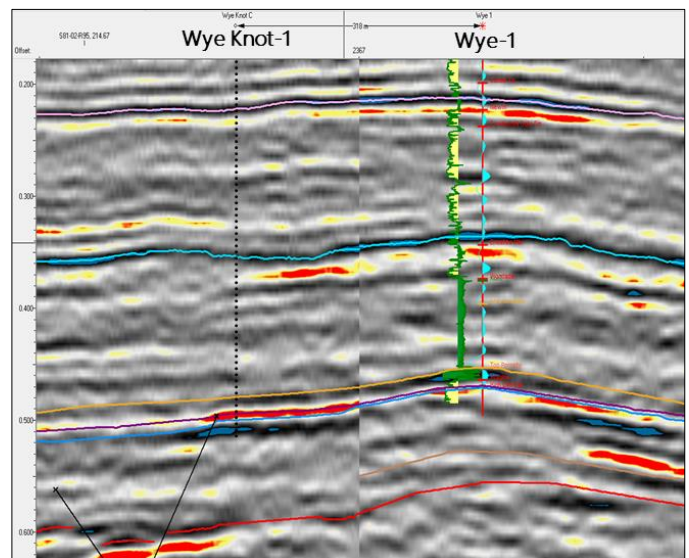
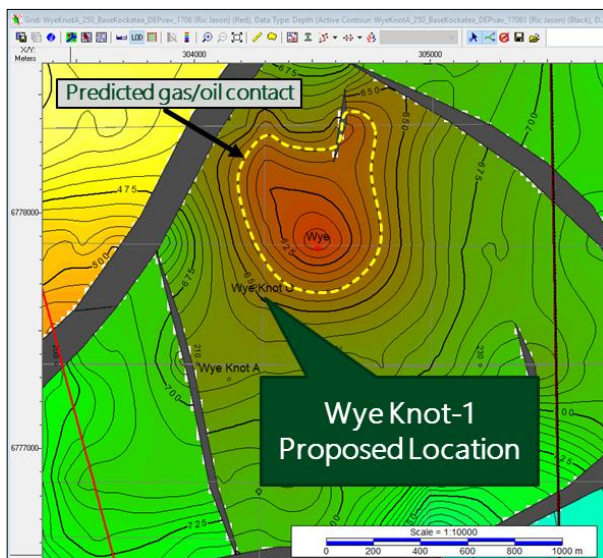


Location of L7 (R1) in the onshore Perth Basin including the known Mt Horner Oil Field and associated infrastructure

# Onshore Northern Perth Basin Project, EP437, Perth Basin

Key Petroleum Limited (via wholly owned subsidiary) (Operator)	43.47%
Rey Resources Limited (via wholly owned subsidiary)	43.47%
Pilot Energy Limited	13.06%

Key has identified two drilling locations for the proposed Wye Knot-1 well during the quarter being on separate land titles. Documentation for the current 'optional' alternative well location is being prepared for drilling in parallel with the preferred location as a necessary contingency for environmental and stakeholder considerations. Discussions with landowners in the area for compensation of these planned activities is currently being finalised. Planning for tendering for drilling and third-party services for Wye Knot-1 are well advanced and will occur in the next quarter. Details of equipment from contractors will be incorporated into the currently approved generic safety management system and into a Wye Knot-1 Environment Plan to facilitate drilling.



Location of the Wye Knot oil prospect is located down-dip from the Wye-1 gas discovery, drilled in 1996 at the crest of a four-way dip closed structure that benefits from additional closure via faulting to the northeast and northwest.

Wye-1 tested gas at commercial rates from two good quality reservoirs, with the Bookara and the Arranoo sandstone reservoirs flowing 4.4MMscf per day and 2.5MMscf per day, respectively. Neither of the reservoirs exhibited a water leg and both exhibited good, live oil shows during drilling. The presence of oil shows indicates that the reservoirs were potentially originally oil-filled at the Wye location, with the oil being displaced to a down-dip rim by subsequent gas migration in to the crest of the structure. This dual-charge model is evident elsewhere within the north Perth Basin, including at the nearby Dongara gas field, where the Dongara-8 well produced at an initial rate of 8000 barrels of oil per day from an oil rim.

The exploration well to test the Wye Knot Prospect is to be positioned at a step out distance sufficient enough to investigate the potential for an oil leg below the gas pay encountered in Wye-1 in the Triassic Bookara and Arranoo sands but also sufficiently test the potential of the deeper Permian sequence which was not fully intersected at Wye-1. This step out location is at a distance which suggests the gas cap does not extend outward from Wye-1 at a depth greater than 650 metres subsea.



Wye Knot-1 is designed to test for the presence of the Early Permian section at this location within the Allanooka Block. Due to the limited data available on the Permian and the reliance on intraformational seals down-dip, no prospective resources for this interval have been assigned but this interval still represents upside in the prospect. The drilling of Wye Knot-1 will provide insight into the distribution of the Permian in the western portion of the Allanooka Block and may assist with future definition of prospective Permian resources in EP437. The chosen location of Wye Knot-1 has been selected to minimise land clearance as well as ensuring the well does not penetrate any sub-seismic faults and penetrates a full thickness of the Triassic interval.

As previously announced, the Operator has made the following assessment of the prospective resources of the Triassic interval, incorporating the Arranoo potential within the Kockatea Formation, as follows.

Reservoir	Gross (100%) Mmbbls			Net to Key (43.47%) Mmbbls		
	Low	Best	High	Low	Best	High
Triassic	0.16	1.4	6.1	0.07	0.61	2.65

Notes:

1. Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. The estimate of Prospective Resources included in the announcement have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System ("PRMS") approved by the Society of Petroleum Engineers. The PRMS defines prospective resources as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
3. The prospective resources were estimated by mapping the extent of the prospect using the seismic data and applying ranges of volumetric parameters based on regional data. Recovery efficiencies were estimated using generalised recovery factors which Key assessed as reasonable. The parameters were then combined deterministically.
4. Gross Prospective Resources are 100% of the on-block volumes estimated to be recoverable from the Prospect in the event that a discovery is made and subsequently developed.
5. The volumes reported are "Unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes. The Operator estimates the GCoS for the prospect at 30%.

# Offshore Northern Perth Basin, WA-481-P, Perth Basin

Key Petroleum Limited (via wholly owned subsidiary)

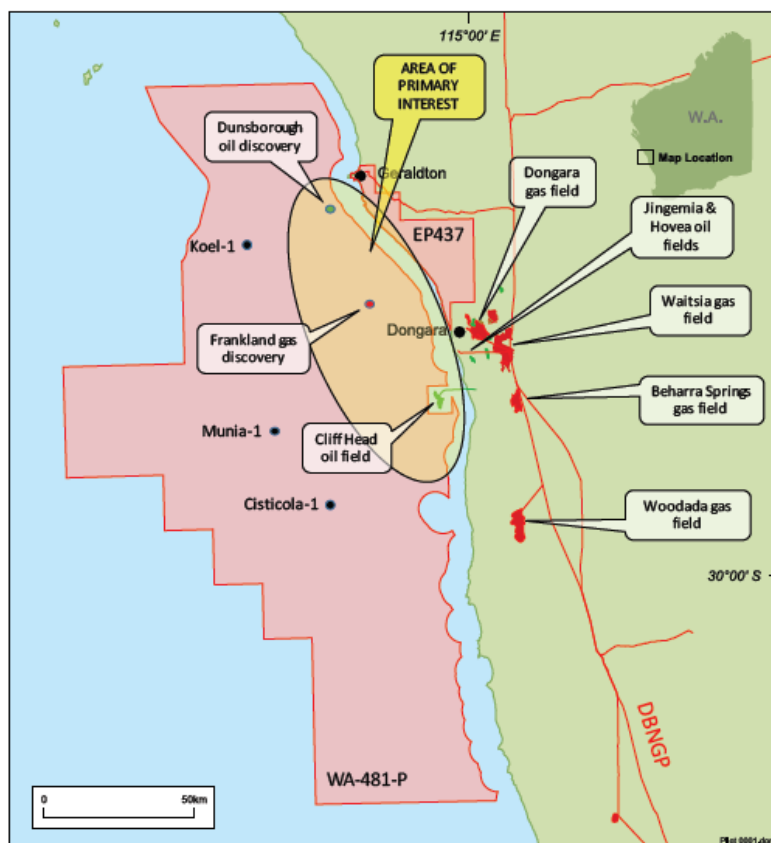
40%

Pilot Energy Limited (Operator)

60%

Pilot Energy Limited, Operator of WA-481-P, announced on 3 July 2017 that the National Offshore Petroleum Titles Administrator (NOPA) has approved the Company's application to replace the WA-481-P year 5 and year 6 commitment wells with an alternative work program comprised of seismic data reprocessing and geological/geophysical studies.

Commenting on the renewed work program Key CEO Kane Marshall said, "The alternative work program will allow the joint venture time to refocus on the inboard proven oil and gas trend where the Dunsborough, Frankland and Cliff Head discoveries lie. The removal of the imminent commitment wells will significantly improve the ability of the joint venture to attract renewed investment interest. Key is also hopeful that AWE, with its experience and proven track record, will become an active member of the WA-481-P joint venture with its option to take 50% of Key's 40% interest, as part of the L7 transfer of ownership deal."



WA-481-P is located adjacent to existing oil and gas infrastructure, within shallow waters to the west of numerous oil and gas fields, including the offshore Cliff Head oil field and the onshore Waitsia gas discovery. The 17,475 km<sup>2</sup> permit covers a major portion of the offshore extension of the north Perth basin. The primary petroleum plays are for oil and/or gas within the Dongara Sandstone and the Irwin River Coal Measures (IRCM). Both oil and gas are proven within the permit, with the Frankland gas and the Dunsborough oil discoveries representing base case contingent resources of up to 59 Bcf gas and 9.8 MMbbls oil, respectively.

The permit is extensively covered by 2D and 3D seismic data, which confirms the presence of thirteen structural prospects in four distinct areas. Individual prospects offer potential for up to 78 MMbbls oil, and three of the areas are substantially de-risked by prior discoveries (at Cliff Head, Dunsborough and Frankland respectively).

The Operator's assessment of the total prospective resources as previously announced (per area) for WA-481-P are as follows:

Trend	No. of Prospects	Gross (100%) MMBOE			Net to Key (40%) MMBOE		
		Low	Best	Best	Low	Best	Best
Cliff Head South Oil	4	59.1	106.8	186.4	23.64	42.72	74.56
Dunsborough Oil	4	18.6	35.3	69.8	7.44	14.12	27.92
Frankland Gas	2	4.8	7.6	11.7	1.92	3.04	4.68
Leander Reef Oil	3	55.9	98.1	168.0	22.36	39.24	67.2
<b>Total</b>	<b>13</b>	<b>138.4</b>	<b>247.8</b>	<b>435.9</b>	<b>55.36</b>	<b>99.12</b>	<b>174.36</b>

Notes:

Prospective Resources for both oil and gas prospects, arithmetically summed for each trend, are reported above in MMBOE. Assumed conversion factor for Frankland trend gas prospects is 6 Bcf per MMBOE. The prospective resources for each of the two reservoir targets have been arithmetically summed to provide total prospective resources for each prospect.

The Operator's assessment of the total contingent resources as previously announced (per area) for WA-481-P is as follows:

Discovery	Gross (100%) Bcf			Net to Key (40%) Bcf		
	1C	2C	3C	1C	2C	3C
Frankland Gas	29.5	41.6	58.9	11.8	16.6	23.6

Discovery	Gross (100%) MMBbbls			Net to Key (40%) MMBbbls		
	1C	2C	3C	1C	2C	3C
Dunsborough Oil	3.3	6.0	9.8	1.3	2.4	3.9

Notes:

- Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a chance of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
- Contingent Resources are the estimated quantities of petroleum that may be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies
- The estimates of Prospective Resources and Contingent Resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE).
- The Contingent Resources were estimated by mapping the extent of the prospect using seismic data and applying ranges of volumetric parameters based on regional data, including recovery efficiencies. The Contingent Resources were calculated probabilistically and the two reservoir targets were arithmetically summed in order to provide estimates for the prospect as a whole. Gross Contingent Resources are 100% of the on-block volumes estimated to be recoverable from the field.
- The Prospective Resources were estimated by mapping the extent of the prospects using the seismic data and applying ranges of volumetric parameters based on regional data. Recovery efficiencies were estimated using generalized recovery factors and parameters were then combined probabilistically for each reservoir target. The total prospective resources for each prospect were then determined by the arithmetic total of prospective resources for each of the two reservoir targets.
- Gross Prospective Resources are 100% of the on-block volumes estimated to be recoverable from the prospects in the event that a discovery is made and subsequently developed.
- The prospective resources volumes reported are "Unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes. The Operator Pilot Energy has estimated the GCoS for each reservoir target in each prospect as per the announcement dated 30 January 2017.



# Northern Canning Project, Canning Basin

## EP104

Key Petroleum Limited (via wholly owned subsidiary) (Operator) 89.23%

Indigo Oil Pty Ltd 10.77%

## R1

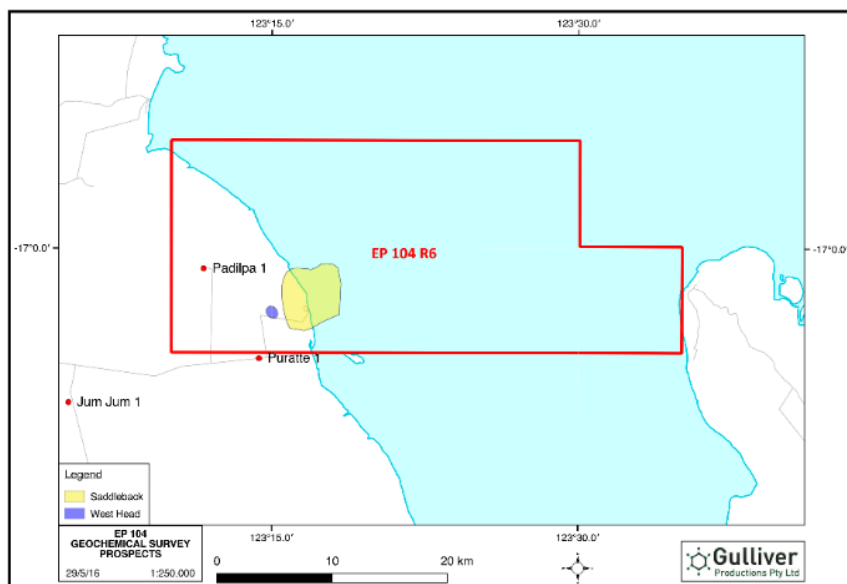
Key Petroleum Limited (via wholly owned subsidiary) (Operator) 85.23%

Indigo Oil Pty Ltd 14.77%

## L15

Key Petroleum Limited (via wholly owned subsidiary) (Operator) 85.40%

Indigo Oil Pty Ltd 14.60%



## EP104

Ongoing planning and discussions with the Land Access Division of the Department of Mines and Petroleum, Kimberley Land Council and Department of Aboriginal Affairs formed most of the activity for the quarter.

The ALT for grant of Transmit Access Permit and Mining Access Permit were submitted for the proposed Saddleback Geochemical Survey, to be acquired in the onshore portion of EP104 that lies within a Part III Aboriginal Reserve.

## R1

Planning continued for the aerial Stokes AEM-PTP Survey during the quarter. This survey is designed to cover the entire Lease and to test for hydrocarbon anomalies that may provide further insight into the economic potential of the area. The survey is part of the Year 1 work commitment for the second renewal of R1.

With favourable weather and tide conditions, Key is preparing a plan to meet its care and maintenance obligations for the suspended wells in R1 in the coming months. Additionally, an environmental review of the Point Torment tidal flats is planned to assess the best method to remediate the site in the future as well as consider any future impacts on this area by future development of the Point Torment resource and other discovered resources. Economic modelling of the Point Torment field is ongoing and the results of the environmental assessment will be incorporated into this model.

## L15

The R1 care and maintenance operations, the West Kora-1 wellhead care and maintenance and West Kora tank farm site assessment is proposed for the coming months for L15. These activities are designed to meet the Company's care and maintenance obligations and to develop a forward remediation plan for the tank farm and assess what infrastructure upgrades are required to restore the West kora tank farm as a production hub to each of R1 and L15.

## Asset Summary

During the quarter, the Company finalised its assessment of prospective, contingent and reserve resources for the Northern Canning Basin project. These were presented at PESA Deal Day and Key is currently evaluating interest from a range of parties. A summary of the resource is presented below.

## Prospective Resources

Structural Plays - Devonian									
Permit	Prospect	Key Interest %	Petroleum Fluid	Gross (100%) MMbbls			Net to Key MMbbls		
				Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate	Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate
EP104	Black Rocks	89.23	Oil	5.6	63.9	116.8	5.0	57.0	104.2
EP104	Goodenough	89.23	Oil	2.8	33.3	77.9	2.5	29.7	69.5
EP104	East Head	89.23	Oil	0.2	2.3	14.2	0.2	2.1	12.6

Structural Plays – Permian-Carboniferous									
Permit	Prospect	Key Interest %	Petroleum Fluid	Gross (100%) MMbbls			Net to Key MMbbls		
				Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate	Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate
EP104	Black Rocks	89.23	Oil	0.9	1.8	4.0	0.8	1.6	3.6
EP104	Goodenough	89.23	Oil	0.2	0.3	0.8	0.1	0.3	0.7
R1	Stokes Bay	85.23	Oil	0.3	0.7	4.9	0.3	0.6	4.2
L15	Piralko	85.40	Oil	0.8	2.1	4.2	0.7	1.8	3.5

Stratigraphic Plays – Permian-Carboniferous									
Permit	Prospect	Key Interest %	Petroleum Fluid	Gross (100%) MMbbls			Net to Key MMbbls		
				Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate	Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate
L15	SW Kora	85.40	Oil	1.7	3.3	7.6	1.4	2.8	6.5
EP104	Saddleback	89.23	Oil	1.0	16.0	40.1	0.9	14.3	35.7

### Notes:

- Prospective Resources are 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 development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
- The estimate of Prospective Resources included in the announcement have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System ("PRMS") approved by the Society of Petroleum Engineers. The PRMS defines prospective resources as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
- The prospective resources were estimated by mapping the extent of the prospect using the seismic data and applying ranges of volumetric parameters based on regional data. Recovery efficiencies were estimated using generalised recovery factors which Key assessed as reasonable. The parameters were then combined deterministically.
- Gross Prospective Resources are 100% of the on-block volumes estimated to be recoverable from the Prospect in the event that a discovery is made and subsequently developed.
- The volumes reported are "Unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes. The Operator estimates various GCoS for the prospects.

## Reserves & Contingent Resources

Reserves									
Permit	Prospect	Key Interest %	Petroleum Fluid	Gross (100%) MMbbls			Net to Key MMbbls		
				Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate	Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate
L15	West Kora	85.40	Oil	0.25	0.38	0.66	0.21	0.32	0.56

Contingent Resources									
Permit	Prospect	Key Interest %	Petroleum Fluid	Gross (100%) MMbbls			Net to Key MMbbls		
				Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate	Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate
L15	West Kora	85.40	Oil	0.06	0.12	0.26	0.05	0.10	0.22

Contingent Resources									
Permit	Prospect	Key Interest %	Petroleum Fluid	Gross (100%) Bcf			Net to Key Bcf		
				Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate	Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate
L15	Point Torment	85.40	Gas	2.410	4.725	8.420	2.054	4.027	7.176

### Notes:

1. Reserve means commercially recoverable resources which have been justified for development, as defined in the SPE PRMS.
2. Contingent Resources are the estimated quantities of petroleum that may be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.
3. The estimates of Reserves and Contingent Resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE).
4. The Contingent Resources were estimated by mapping the extent of the structure using seismic data and applying ranges of volumetric parameters based on regional data, including recovery efficiencies. The Contingent Resources were calculated deterministically and the reservoir targets were arithmetically summed in order to provide estimates for the hydrocarbon pool as a whole. Gross Contingent Resources are 100% of the on-block volumes estimated to be recoverable from the field.
5. The reserves are hosted in the same geological formations that have already been productive in adjacent licences including the productive Lennard Shelf. These reserves therefore have numerous relevant nearby field analogues regarding producibility.

## Current Outlook for Key

At the end of the quarter the Company had \$1.127 million cash on hand.

Exploration spend for the quarter was \$0.334 million due to activities pertaining to the assessment of the gas prospectivity of the Cooper Basin Assets, completion of the Cooper Basin transaction and planning costs associated with Perth Basin drilling campaign and Canning Basin airborne geological surveys to be conducted in the next quarter.

Forecast exploration expenditure for the current quarter is anticipated to be \$0.250 million comprising of Wye Knot-1 well planning costs, Canning Basin airborne and geological surveys, L7 studies and marketing of the Company's activities.

Overhead expenditure for the current quarter is forecast to be \$0.130 million much of which is associated with the 2017 financial year financial audit and promotion of the Company's new asset base

# Petroleum Permit Schedule

Petroleum Permit	Type	Location	Interest at Beginning of Quarter	Interest at End of Quarter	Acquired during Quarter	Disposed during Quarter
EP104	Exploration Permit	Canning Basin, WA	89.23%	89.23%	-	-
R1	Retention Lease	Canning Basin, WA	85.23%	85.23%	-	-
L15	Production Licence	Canning Basin, WA	85.40%	85.40%	-	-
EP437	Exploration Permit	Perth Basin, WA	43.47%	43.47%	-	-
WA-481-P	Exploration Permit	Offshore Perth Basin, WA	40.00%	40.00%	-	-
ATP924*	Authority to Prospect	Cooper Eromanga Basin, QLD	-	100%	100%	-
ATP920*	Authority to Prospect	Cooper Eromanga Basin, QLD	-	100%	100%	-
ATP783*	Authority to Prospect	Cooper Eromanga Basin, QLD	-	100%	100%	-

\* Awaiting transfer of Title

ASX Listing Rule 5.4.3

IAN GREGORY  
COMPANY SECRETARY

Dated: 28 July 2017  
Perth, Western Australia

## COMPETENT PERSON'S STATEMENT

Except where otherwise noted, information in this release related to exploration and production results and petroleum resources is based on information completed by Mr JL Kane Marshall who is an employee of Key Petroleum Limited. Mr 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. He is a member of the Society of Petroleum Engineers (SPE), American Association of Petroleum Geologists (AAPG), Petroleum Exploration Society of Great Britain (PESGB), Formation Evaluation Society of Australia (FESAus) and Society of Petrophysicists and Well Log Analysts (SPWLA) and has over 15 years of relevant experience. Mr Marshall consents to the inclusion of the information in this document.

## DISCLAIMER

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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Key Petroleum Limited

### ABN

50 120 580 618

### Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(334)	(637)
(b) development	-	-
(c) production	-	-
(d) staff costs	(54)	(363)
(e) administration and corporate costs	(63)	(318)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	23
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	1	6
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(445)</b>	<b>(1291)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	(155)
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(155)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	1,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,000</b>	<b>1,000</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,572	1,573
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(445)	(1,291)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(155)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,000
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,127</b>	<b>1,127</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	575	1,009
5.2 Call deposits	552	563
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,127</b>	<b>1,572</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

(97)

-

Included at 6.1 are amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

N/A

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(250)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(65)
9.5 Administration and corporate costs	(75)
9.6 Other	-
<b>9.7 Total estimated cash outflows</b>	<b>(390)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced			N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	* ATP 783, 920 & 924	Condition precedent met for acquisition of Cooper Basin interests	Nil	Nil*

\* Currently awaiting transfer of Title pursuant to Sale and Purchase Agreement in relation to tenements.

### **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.

Sign here:

  
(~~Director~~/Company secretary)

Date: 28 July 2017

Print name: Ian Gregory

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.