



KEY
PETROLEUM LIMITED

Suite 3, Churchill Court
331-335 Hay Street
Subiaco WA 6008

T: + 61 (08) 9381 4322
F: + 61 (08) 9381 4455

2 March 2018

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

Dear Sir

INTERIM FINANCIAL REPORT TO 31 DECEMBER 2017

We attach herewith Interim Financial Report to 31 December 2017.

Regards

IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED



KEY PETROLEUM LIMITED

ABN 50 120 580 618

INTERIM FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2017**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2017 and any public announcements made by Key Petroleum Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

KEY PETROLEUM LIMITED
31 DECEMBER 2017
ABN 50 120 580 618

Contents	Page
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	5
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	16
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS	17

KEY PETROLEUM LIMITED
31 DECEMBER 2017
ABN 50 120 580 618

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity consisting of Key Petroleum Limited ("Key", "the Company" or "the Group") and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Rex Turkington
Kane Marshall
Dennis Wilkins
Min Yang
Geoffrey Baker

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2017	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss	188,357	(608,002)

The Company's activities for the half ending 31 December 2017 included the conclusion of the Sale and Purchase Agreement for the acquisition of Production Licence L7, onshore North Perth Basin, Western Australia. This agreement also included an Option Agreement to divest 20% of Key's holding in WA-481-P, exercisable for a period of 12 months. The Application for Transfer of L7 has been lodged with Department of Mining, Industry Regulation and Safety ("DMIRS") and is now subject to standard Ministerial approvals.

The Company also received regulatory confirmation that the three Authority to Prospect licences located in the onshore Cooper Eromanga Basin, Queensland – ATP783, ATP920 and ATP924 have been registered through Key's wholly owned subsidiary, Key Cooper Basin Pty Ltd.

Geological studies over ATP783, ATP920 and ATP924 have identified oil prospectivity analogous to the Inland Cook and Bodalla Oil Fields. Studies have identified potential Permian gas prospects in ATP920 and 924.

An AEM-PTP airborne geophysical survey was acquired over Retention Lease R1, onshore Canning Basin during the period with a view to defining an exploration program in the near term.

Activities continued in Perth Basin permit EP437 in preparation for drilling of the Wye Knot-1 exploration well in 2018. An application for the Suspension and Extension of the drilling work commitment for 12 months was made and subsequently approved by DMIRS.

Corporate

The Company raised \$1,000,000 (before costs) during the period by way of a share placement to a sophisticated investor. The placement was completed at a premium to the market share price at the time of capital raising announcement.

The Company also increased its revenue and other income activities during the period after undertaking consulting work for third party clients in the oil and gas industry and negotiating the receipt of an option fee to enable a third party to farm-in to one of the Group's oil and gas interests.

KEY PETROLEUM LIMITED
31 DECEMBER 2017
ABN 50 120 580 618

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events after the end of the reporting period to the date of this report.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the interim period not otherwise disclosed in this report and the interim financial report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.



Kane Marshall
Managing Director
Perth, Dated • 2 March 2018

**Bentleys Audit & Corporate
(WA) Pty Ltd**

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Key Petroleum Limited for the period ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



DOUG BELL CA
Director

Dated at Perth this 2nd day of March 2018

KEY PETROLEUM LIMITED
ABN 50 120 580 618

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

		Half-year	
		2017	2016
		\$	\$
REVENUE FROM CONTINUING OPERATIONS	3	188,357	17,408
EXPENDITURE			
Depreciation & Amortisation expense		(17,247)	(18,845)
Salaries and employee benefits expense		(251,239)	(161,542)
Corporate expenditure		(100,238)	(66,768)
Consultants costs		(66,036)	-
Administration costs		(233,218)	(193,383)
Exploration Costs written off		(108,893)	(160,359)
Finance costs		(8,941)	(5,731)
Share-based payments expense		(10,547)	(33,263)
LOSS BEFORE INCOME TAX		(608,002)	(622,483)
Income tax expense		-	-
LOSS FROM CONTINUING OPERATIONS		(608,002)	(622,483)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		(1,196)	(396)
Other comprehensive income for the period, net of tax		(1,196)	(396)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF KEY PETROLEUM LIMITED		(609,198)	(622,879)
Basic loss per share for loss attributable to the ordinary equity holders of the company (cents per share)		(0.0005)	(0.07)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

KEY PETROLEUM LIMITED
ABN 50 120 580 618

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		1,075,231	1,126,887
Trade and other receivables		189,848	54,905
TOTAL CURRENT ASSETS		1,265,079	1,181,792
NON-CURRENT ASSETS			
Receivables		21,257	15,000
Plant and equipment		243,150	254,970
Capitalised exploration costs	4	5,008,034	4,675,209
TOTAL NON-CURRENT ASSETS		5,272,441	4,945,179
TOTAL ASSETS		6,537,520	6,126,971
CURRENT LIABILITIES			
Trade and other payables		228,638	212,641
TOTAL CURRENT LIABILITIES		228,638	212,641
NON-CURRENT LIABILITIES			
Provisions	5	2,919,985	2,866,782
TOTAL NON-CURRENT LIABILITIES		2,919,985	2,866,782
TOTAL LIABILITIES		3,148,623	3,079,423
NET ASSETS		3,388,897	3,047,548
EQUITY			
Issued capital	6	39,475,283	38,535,283
Reserves		623,095	613,744
Accumulated losses		(36,709,481)	(36,101,479)
TOTAL EQUITY		3,388,897	3,047,548

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

KEY PETROLEUM LIMITED
ABN 50 120 580 618

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Issued Capital \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2017	38,535,283	693,411	(79,667)	(36,101,479)	3,047,548
Loss for the half-year	-	-	-	(608,002)	(608,002)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	-	-	(1,196)	-	(1,196)
TOTAL COMPREHENSIVE INCOME	-	-	(1,196)	(608,002)	(609,198)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Issue of shares	1,000,000				1,000,000
Share issue costs	(60,000)				(60,000)
Share based payments	-	10,547	-	-	10,547
BALANCE AT 31 DECEMBER 2017	39,475,283	703,958	(80,863)	(36,709,481)	3,388,897
BALANCE AT 1 JULY 2016	37,540,470	624,140	(79,895)	(34,956,748)	3,127,967
Loss for the half-year				(622,483)	(622,483)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	-	-	(396)	-	(396)
TOTAL COMPREHENSIVE INCOME	-	-	(396)	(622,483)	(622,879)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Share based payments	-	33,263	-	-	33,263
BALANCE AT 31 DECEMBER 2016	37,540,470	657,403	(80,291)	(35,579,231)	2,538,351

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

KEY PETROLEUM LIMITED
ABN 50 120 580 618

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year	
	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	119,891	4,683
Payments to suppliers and employees	(498,861)	(400,604)
Expenditure on petroleum interests	(590,774)	(438,202)
Interest received	6,603	15,636
Payment of finance costs	(1,831)	(1,440)
Net cash outflow from operating activities	(964,972)	(819,927)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(5,427)	-
Payments for lease guarantee	(21,257)	-
Net cash outflow from investing activities	(26,684)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	1,000,000	-
Payments for share issue costs	(60,000)	-
Net cash inflow from financing activities	940,000	-
Net (decrease)/increase in cash and cash equivalents	(51,656)	(819,927)
Cash and cash equivalents at the beginning of the half-year	1,126,887	1,573,472
Effect of exchange rate changes on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,075,231	753,545

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 34 "International Financial Reporting".

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Key Petroleum Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period and the year end with the addition of the following policy:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of any discounts provided to its client by the Group.

The Group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below.

Consulting service

Revenue from consulting services is recognised in the accounting period in which the services are rendered on the basis of the actual services provided to the end of the reporting period as a proportion to the total services to be provided from the entire contract (percentage of completion method).

Fuel tax credits

Revenue for the receipt of fuel tax credits is recognised when the Company prepares its monthly Business Activity Statement after incurring the cost for the fuel which is subject to the rebate.

Management fees

Revenue from management fees is recognised in the accounting period that it is invoiced and is based on the joint operator agreement which governs the joint venture participants.

Going Concern

The interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the half year of \$608,002 (2016: \$622,483) and net cash outflows from operating activities of \$964,972 (2016: \$819,927) for the same period.

The directors have prepared an estimated cash flow forecast for the period to March 2019 to determine if the Company may require additional funding during the next 15 month period. Where this cash flow forecast includes the likelihood that additional amounts will be required and these funds have not yet been secured, it creates uncertainty as to whether the Company will continue to operate in the manner it has planned over the next 15 months.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

Going Concern (continued)

Where the cash flow forecast includes these uncertainties, the directors are required to make an assessment as to whether it is reasonable to assume that the Company will be able to continue its normal operations. The directors are satisfied that the going concern basis of preparation is appropriate based on the following factors and judgements:

- The Company has access to cash reserves of \$1,075,231 as at 31 December 2017 (30 June 2017: \$1,126,887).
- The Company has the ability to adjust its exploration expenditure subject to results of its exploration activities and has a history of attracting farm-in partners to assist in funding exploration commitments.
- The Company has raised \$1,000,000 during the period via the issue of shares.
- The directors anticipate the support of the Company's major shareholders to continue with the advancement of the Company's assets.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different to those stated in the interim financial report.

The interim financial report does not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Adoption of new and revised Accounting Standards

The Group has not elected to apply any pronouncements before their operative date in the interim reporting period beginning 1 July 2017.

Estimates and judgements

The preparation of the interim financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and judgement are consistent with those disclosed in the most recent annual financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

NOTE 2: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

Key has identified that it has only one operating segment being exploration for oil and gas in Australia.

NOTE 3: REVENUE AND OTHER INCOME

The Group has the following revenue and other income items for the period:

	31 December 2017	31 December 2016
	\$	\$
Interest from financial institutions	6,604	12,725
Fuel tax credits	5,403	4,683
Consulting fees	101,350	-
Option fee	75,000	-
Total	188,357	17,408

NOTE 4: CAPITALISED EXPLORATION COSTS

Exploration and evaluation costs carried forward in respect of all areas of interest:

	31 December 2017	30 June 2017
	\$	\$
Opening balance	4,675,209	4,084,087
Capitalised exploration and evaluation costs	310,012	588,293
Asset Retirement Obligation	22,813	2,829
Closing balance	5,008,034	4,675,209

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective petroleum interests. Capitalised exploration and evaluation costs include the asset restoration obligation relating to Production Licence L15 and Retention Lease R1.

The Company is in the process of completing the regulatory approvals for the Mount Horner L7 licence. When the approvals are finalised the Company will receive its upfront payment of \$380,000 and will be responsible for undertaking the restoration activities at the site. The cost for these activities will be reimbursed by the original seller of the asset up to a value of \$1.9 million with any remaining cost assumed by the Company (if any).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

NOTE 5: NON-CURRENT PROVISIONS

The Group has the following provisions as at 31 December 2017:

	31 December 2017 \$	30 June 2017 \$
Provision for restoration	2,896,705	2,866,782
Provision for long service leave	23,280	-
	2,919,985	2,866,782

Reconciliation – provision for restoration

Opening balance	2,866,782	349,468
Transferred from current provisions	-	2,479,543
Adjustment to rates	22,813	2,829
Unwind of discount	7,110	34,942
Closing balance	2,896,705	2,866,782

Reconciliation – provision for long service leave

Opening balance	-	-
Additional provision for the period	23,280	-
Closing balance	23,280	-

NOTE 6: SHARE CAPITAL

The issued capital of the Company as at 31 December 2017 was as follows:

	31 December 2017 Number	31 December 2017 \$
Ordinary shares – fully paid	1,247,358,441	39,475,283
Total issued capital	1,247,358,441	39,475,283

Reconciliation of movements

Opening balance	1,147,358,441	38,535,283
- Share placement	100,000,000	1,000,000
- Share issue transaction costs	-	(60,000)
Closing balance	1,247,358,441	39,475,283

KEY PETROLEUM LIMITED
ABN 50 120 580 618

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

NOTE 6: SHARE CAPITAL (continued)

	30 June 2017 No.	30 June 2017 \$
Ordinary shares – fully paid	1,147,358,441	38,535,283
Total issued capital	1,147,358,441	38,535,283
<i>Reconciliation of movements</i>		
Opening balance	897,358,441	37,540,470
- Share placement	250,000,000	1,000,000
- Share issue transaction costs	-	(5,187)
Closing balance	1,147,358,441	38,535,283

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

NOTE 7: EXPLORATION AND LEASE COMMITMENTS

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	31 December 2017 \$	31 December 2016 \$
Within one year	4,488,660	1,644,350
Later than one year but not later than five years	13,085,953	27,616,413
	17,574,613	29,260,763

During the period Key Cooper Basin Pty Ltd, a wholly owned subsidiary of Key Petroleum Limited, received confirmation of its title interest and work program activities for APT783, ATP920 and ATP924. The leases have a work program for the coming year which has been assessed by the Company to be an estimated \$3 million commitment and has been included in the amounts above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

NOTE 7: EXPLORATION AND LEASE COMMITMENTS (continued)

The Group also received confirmation from the regulator that its work commitment for EP104 and EP437 has been suspended for the current permit year.

The Group executed a new lease in December for its new premises in Churchill Court, Subiaco. The commitments for the lease are listed below:

	31 December	30 June
	2017	2017
	\$	\$
Within one year	37,265	46,028
Later than one year but not later than five years	117,697	-
	154,962	46,028

NOTE 8: CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at the reporting date.

NOTE 9: SUBSEQUENT EVENTS

There have been no significant events after the end of the reporting period to the date of this report.

NOTE 10: FINANCIAL INSTRUMENTS

The Group's financial instruments consist of trade and other receivables and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amounts of the financial assets and liabilities approximate their fair value.

KEY PETROLEUM LIMITED
31 DECEMBER 2017
ABN 50 120 580 618

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Key Petroleum Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Kane Marshall
Managing Director
Perth, • 2 March 2018

Independent Auditor's Review Report

To the Members of Key Petroleum Limited

We have reviewed the accompanying financial report of Key Petroleum Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of Key Petroleum Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Key Petroleum Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$608,002 during the half year ended 31 December 2017. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 2nd day of March 2018