

3 October 2019

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

ACCESS GRANTED FOR HIGH IMPACT PERTH BASIN PERMIAN DRILLING

Key Petroleum Limited attaches herewith an ASX Announcement pertaining to a material access agreement formalised to facilitate drilling in the Perth Basin.

Regards



IAN GREGORY
Company Secretary
Key Petroleum Limited

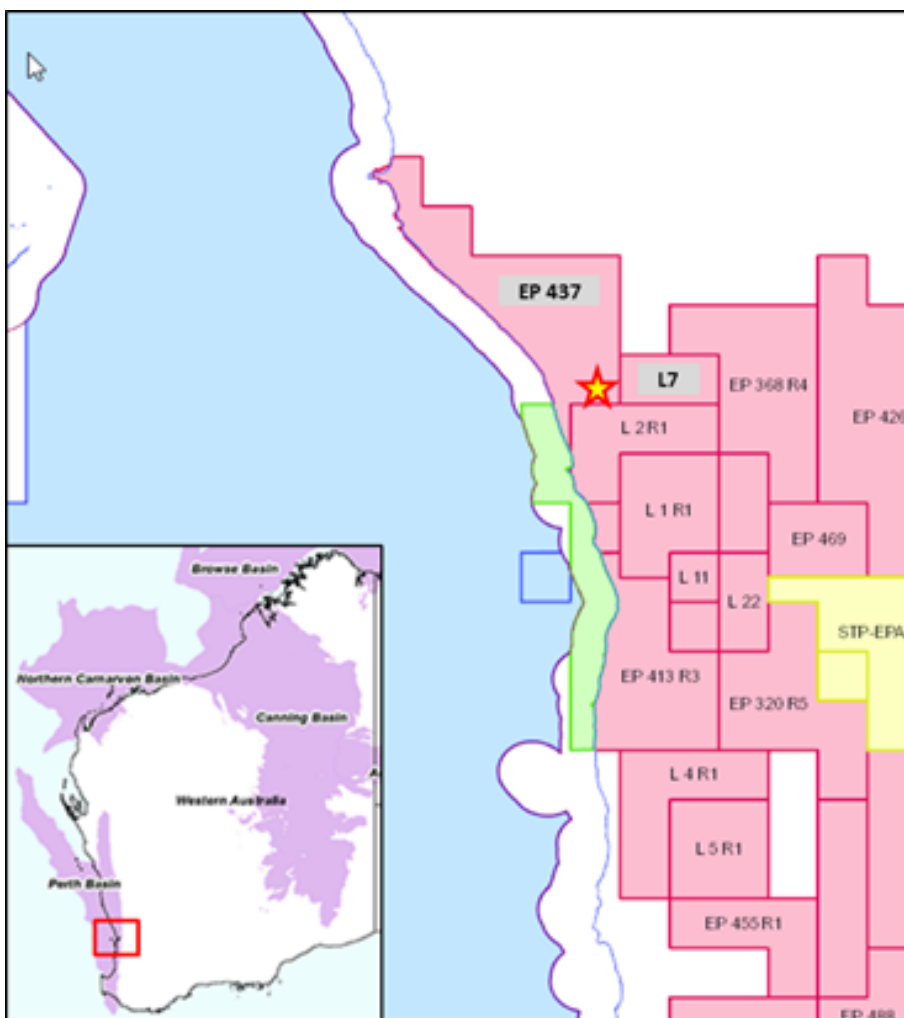
ASX Announcement

3 October 2019

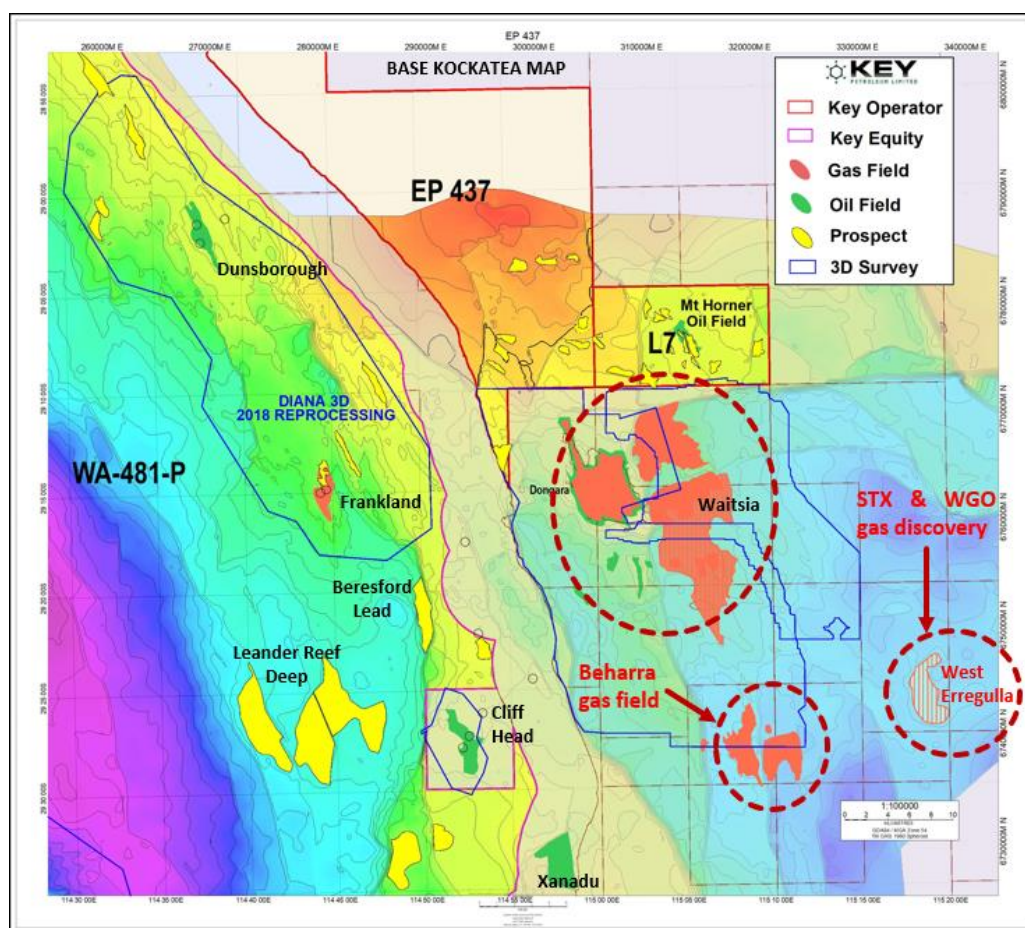
ACCESS GRANTED FOR HIGH IMPACT PERTH BASIN PERMIAN DRILLING

Key Petroleum (Australia) Pty Ltd ("Key") a wholly owned subsidiary of Key Petroleum Limited, is pleased to announce the progression of the process towards the drilling of Triassic and Permian targets in its EP 437 Bookara Shelf Oil Project:

- A Land Access and Compensation Agreement for the Wye Knot-1 Prospect location has now been executed;
- A Botanical Field Survey has been completed at the Wye Knot-1 location enabling lodgement of necessary required Clearing Permit applications with the Regulator;
- All remaining required applications have been lodged with the relevant Regulators for assessment;
- Two contractors have been shortlisted for the drilling of a minimum of one well. Drilling Contractors Australia Pty Ltd is one of the shortlisted contractors after executing a non-binding Letter of Intent with Key as disclosed on 26 April 2019;
- In addition to Wye Knot-1 access, principal access terms have been agreed to drill the Parce-1 Prospect with access routes and pegging of the well locations completed;
- Key is finalising the acquisition of remaining long lead items for Wye Knot-1;
- Funding options are currently being assessed and may include participation by a third party, or parties, after Strike Energy's recent success at West Erregulla-2;

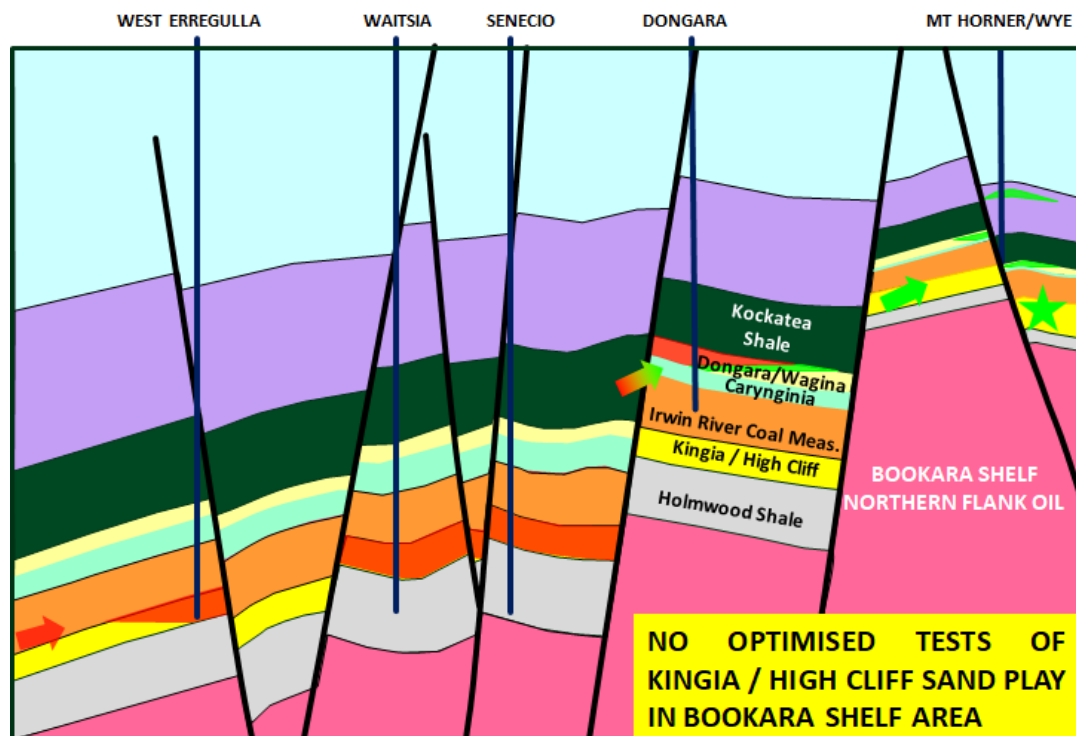


- The Kingia and High Cliff sequences are the primary reservoirs within the Waitsia Gas Field, south of Key's Bookara Shelf Oil Project, and are also expected to be at the same primary intervals within the Parce and Wye Knot Prospects in southern areas of EP 437:
 - Prospective resources were previously reported for EP 437 as 1.94 mm bbls (1U and low case), 7.82 mmbbls (2U and base case) and 15.82 mmbbls (3U and high case)¹; and
 - Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (refer Prospective Resource Notes on last page of this announcement for Resource Estimate Determination for EP 437).
- Key will keep the market fully informed as to the relevance of other Operators' activities in the Perth Basin together with our own activities in due course.

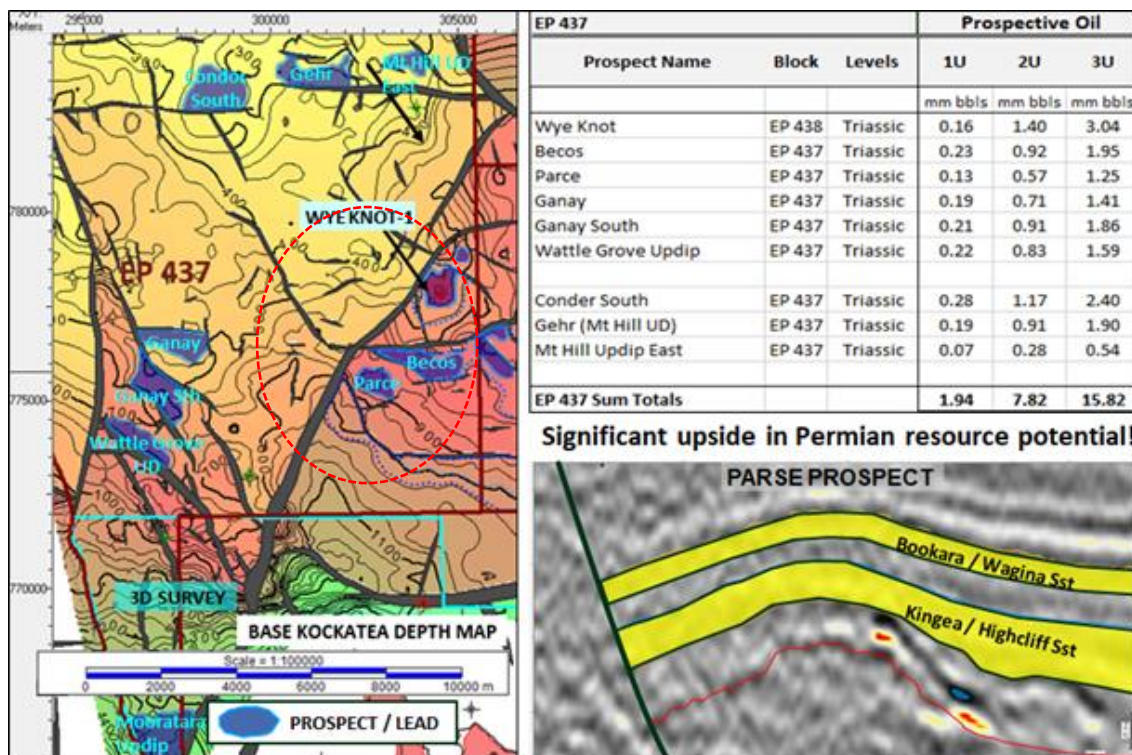


Key's Perth Basin acreage holding and relation to Waitsia, Dongara, West Erregulla and Beharra Fields

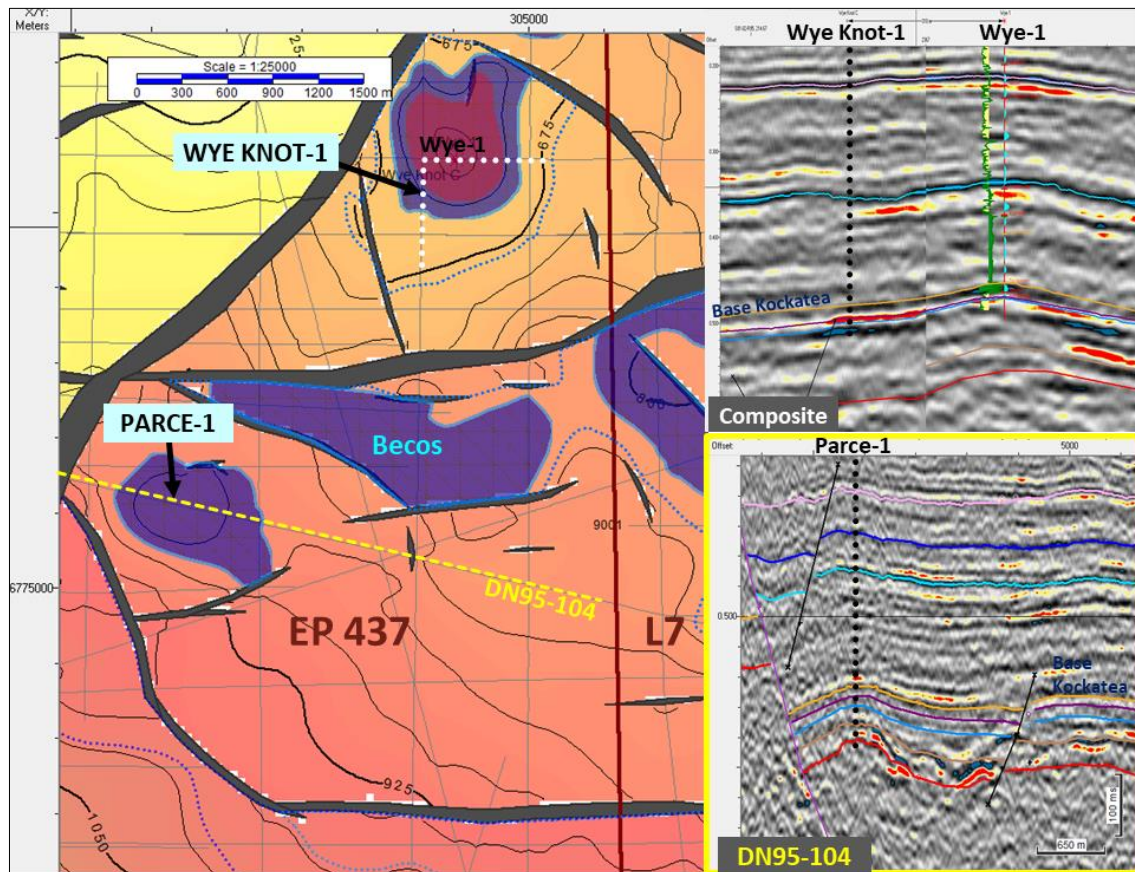
¹ As reported to the ASX as at the evaluation date on 22 November 2018



Booka Shelf prospectivity updip, and on trend from Waitsia, Dongara and West Erregulla Fields



Wye Knot, Becos and Parce Prospect details lying on trend from Waitsia, Dongara and West Erregulla Fields



Zoomed in area of Parce-1 and Wye Knot-1 drilling locations



Assessing access into the Parce-1 location is complete



Key Petroleum Services Pty Ltd has secured 9 5/8" and 7" casing joints (above), Christmas Tree (below) and production tubing (below) for Bookara Shelf drilling



The joint venture interests in EP 437 are as follows:

- *Key Petroleum Limited (ASX:KEY) via wholly owned subsidiary Key Petroleum (Australia) Pty Ltd - 86.94%*
- *Pilot Energy Limited (ASX:PGY) - 13.06%*

For more information please contact:

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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 and is a qualified petroleum reserves and resources evaluator. Resources reported in this announcement are based on representative information and supporting documentation. Mr Marshall is a Practising Petroleum Engineer and Petroleum Geologist and holds a BSc (Geology), a BCom (Investment and Corporate Finance) and a Masters in Petroleum Engineering. He is a member of the Society of Petroleum Engineers (SPE), American Association of Petroleum Geologists (AAPG), The Geophysical Society of Houston (GSH), Petroleum Exploration Society of Great Britain (PESGB), Formation Evaluation Society of Australia (FESAus), Petroleum Exploration Society of Australia (PESA), South East Asia Petroleum Exploration Society (SEAPEX) and Society of Petrophysicists and Well Log Analysts (SPWLA) and has over 20 years of relevant experience. Mr Marshall consents to the inclusion of the information in this document.

Prospective Resources

Notes:

- *Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and 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 EP 437 prospectivity includes a range of geological chances of success estimated to be in the range from 4 to 27%, largely based on the existing 2D seismic data coverage. This data is of sufficient enough quality, with high signal to noise ratio to give confidence in the structural closures and therefore the resulting defined prospects. The evaluation date is of 22 November 2018;*
- *The estimate of Prospective Resources included in the announcement have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System ("PRMS") as revised in June 2018 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;*
- *Key has applied a range of volumetric parameters based on regional data including all the wells in the surrounding producing fields;*
- *Recovery efficiencies were estimated using generalised recovery factors which Key assessed as reasonable and benchmarked from production data from Dongara and Hovea fields. These fields are to the south of EP 437;*
- *The prospective resource parameters for the prospects were combined probabilistically and then the volumes for each prospect were summed arithmetically to give each category of prospective resource;*
- *Gross Prospective Resources are 100% of the on-block volumes that are estimated to be recoverable from the Prospects in the event that a discovery is made and subsequently developed; and*
- *The volumes reported are "Unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes but currently are considered in the low to moderate range as depicted above.*