



31 July 2020

The Manager
The Australian Securities Exchange
The Announcements Office
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 30 June 2020.

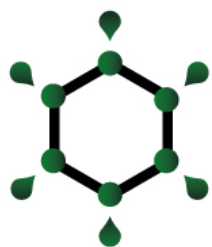
This announcement has been authorised by the Board of Directors.

For more information please contact:

IAN GREGORY
Company Secretary
Key Petroleum Limited

Telephone: +61 (0) 8 9381 4322

Email: investors@keypetroleum.com.au



KEY
PETROLEUM LIMITED

Suite 8, Churchill Court
331-335 Hay Street
Subiaco WA 6008

T: + 61 (0) 8 9381 4322
F: + 61 (0) 8 9381 4455

investors@keypetroleum.com.au

ABN: 50 120 580 618

Quarterly Report

For the period ended 30 June 2020



ACN 120 580 618

Update on Activities

Highlights for the Quarter

- ◆ Key's evaluation of the High Cliff and Kingia plays on the Bookara Shelf (EP 437/L7) and the broader prospectivity of the northern Perth Basin have reported 'game changing potential' on 16 June 2020. Updated resource estimates of prospects within the Bookara Shelf Project represent a material impact.
- ◆ Additional L7 Prospective Resource Estimates assessed for oil and gas potential on deeper Permian horizons with Permian Prospective Resource (un-risked gas): 63.3 (1U) – 146.5 (2U) – 253.7 (3U) BCF. Total L7 Prospective Resource Estimates (un-risked BOE equivalent): 13.55 (1U) – 35.55 (2U) – 64.53 (3U) MMbbls BOE¹.
- ◆ The combined prospectivity of EP 437, including the additional deeper targets, has more than doubled the Prospective Resource potential to 5.13 (1U) – 16.17 (2U) – 31.12 (3U) MMbbls².
- ◆ The decommissioning and well abandonment operations at Mount Horner of wells including Mount Horner-5, 7 and 13 have been successfully completed without incident. The remaining two wells and infrastructure are strategic assets that have been left in place for possible near-term Pilot Production Program.
- ◆ Infrastructure rehabilitation activities are complete at the Mount Horner Oil Field with costs to date being reimbursed to Key pursuant to the Sale and Purchase Agreement for acquisition of L7 between Key Petroleum and AWE Perth Pty Ltd, now Mitsui E&P Australia (MEPAU).
- ◆ The application on behalf of the EP 437 Joint Venture for a 12-month Suspension and Extension for Permit Year 3 in which Wye Knot-1 was to be drilled was granted on 25 May 2020.
- ◆ The Company has now received all necessary state regulator environmental and safety approvals for the drilling of Wye Knot-1. The program includes contracting Refine Energy Rig 1, which successfully completed the Mount Horner abandonment activities, and which is currently stacked at Mount Horner. Key Will endeavour to drill the Wye Knot-1 exploration well within the current exploration period.
- ◆ WA-481-P permit renewal offered to joint venture participants on 14 May 2020. On 22 May 2020 NOPTA rescinded that offer. See also "Activities Subsequent to the End of Quarter".
- ◆ The Cooper Eromanga Basin Prospects remain in Key's view to be a significant strategic asset base for the east coast future energy requirements. The Company continues to progress its stakeholder engagement with a view that access arrangements will be executed well before the required time and looks forward to conducting activities in accordance with the Company's safety requirements.
- ◆ The Company completed a capital raising via a placement of 256,686,277 ordinary fully paid shares at \$0.0025 each to raise A\$641,715.69 (Placement) before costs. The Placement shares were issued to institutional and sophisticated investors.

¹ As announced to the ASX in the presentation dated 16 June 2020 and see Prospective Resources Notes on Page 10.

² As announced to the ASX in the presentation dated 16 June 2020 and see Prospective Resources Notes on Page 10.

Activities Subsequent to the End of the Quarter

- Continued discussions with potential farminees for Key's Perth and Cooper Eromanga exploration programs.
- On 15 July 2020 NOPTA offered Pilot and Key the renewal of WA-481-P on the basis that its original offer had been rescinded. Key proposes to accept the offer of renewal.

Activities for the Upcoming Quarter

- Renewed focus on Cooper Eromanga exploration programs. Planning of Heritage Surveys around the Cooper Eromanga Basin Ace, Taj-1 and Alfajour-1 proposed well locations pending COVID-19 impacts and associated risks with remote communities.
- Bookara Shelf 3D seismic survey acquisition planning and stakeholder engagement.
- Continue to monitor the COVID-19 pandemic and associated restrictions, with a view to revert to previously planned operational schedules should conditions improve.
- Subject to the payment by 3 August 2020 of a cash call issued by Key to A.C.N 008 939 080 Pty Ltd (Triangle's subsidiary), Key proposes to commence the implementation of a work program and budget for both the Seismic Survey and Drilling Programme issued on 23 December 2019.



Abandonment program at Mount Horner-5 with the Production Facility in background

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

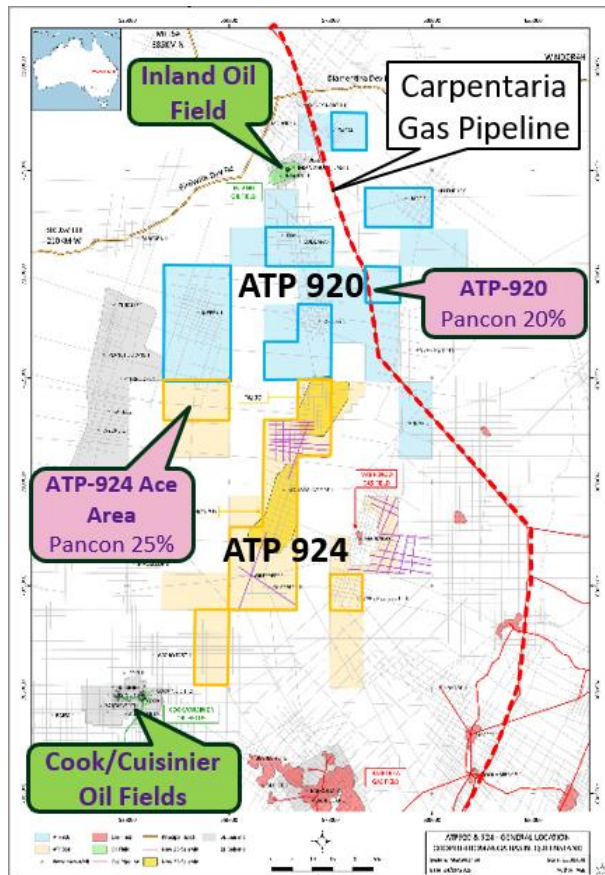
Key Petroleum Limited (Operator) (via wholly owned subsidiary) 75.00%

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%



- Heritage survey clearance will be coordinated outside of access restrictions associated with the COVID-19 pandemic.
- Key continues with potential farmin partners to explore the basin margin fairways including canyon/channel reservoir system defined on 3D seismic data.
- The Company significantly de-risked the Canaway Ridge fairway with results from the primary term work program including seismic reprocessing and a geochemical survey.
- Significant unconventional resource potential is anticipated, and the Company hopes to provide more details in the near future.

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

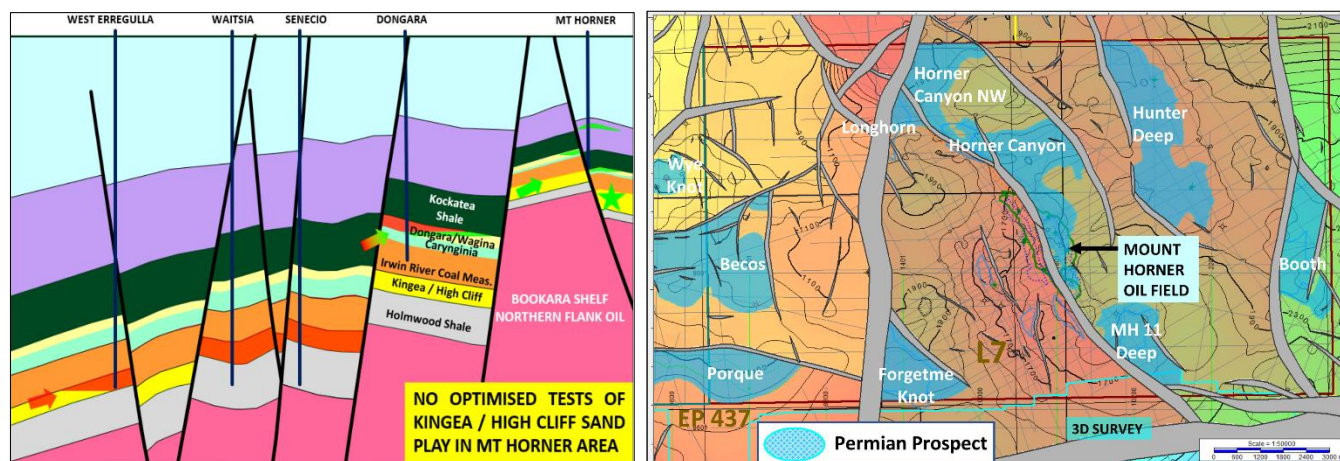
L7 (Mount Horner) Summary

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

- Key's investigations into the deeper High Cliff and Kingia exploration potential (reported on 16 June 2020) have expanded the exploration potential of the Bookara Shelf area.
- Oil shows in the deeper Permian sequences, most notably live oil, were observed in the Mount Horner-14 well, which drilled through the Mount Horner Fault. Despite numerous hydrocarbon shows in previous wells the deeper Permian potential was never followed up, due in part to poor seismic quality.
- Recent gas discoveries on trend to the south reveal an exciting untapped potential on the up-dip Bookara Shelf (below right). Beharra Deep, West Erregulla and Waitsia gas discoveries lie on trend to the south from Bookara Shelf Project (below left).
- Additional L7 Prospective Resource Estimates assessed for oil and gas potential on deeper Permian horizons with Permian Prospective Resource (un-risked gas): 63.3 (1U) – 146.5 (2U) – 253.7 (3U) BCF. Total L7 Prospective Resource Estimates (un-risked BOE equivalent): 13.55 (1U) – 35.55 (2U) – 64.53 (3U) MMbbls BOE³.
- Decommissioning of Mount Horner-5, 7 and 13 has now been completed (overleaf). All activities to date have continued without incident at L7, all costs to date have been fully reimbursed by Mitsui with further rehabilitation operations expected to be completed by end 2020.



Gas discoveries on trend from Bookara Shelf Project (left) and Permian Prospects within L7 (right)

³ As announced to the ASX in the presentation dated 16 June 2020 and see Prospective Resources Notes on Page 10.



Decommissioning of Mount Horner-5, 7 and 13 wells were completed during the Quarter

EP 437

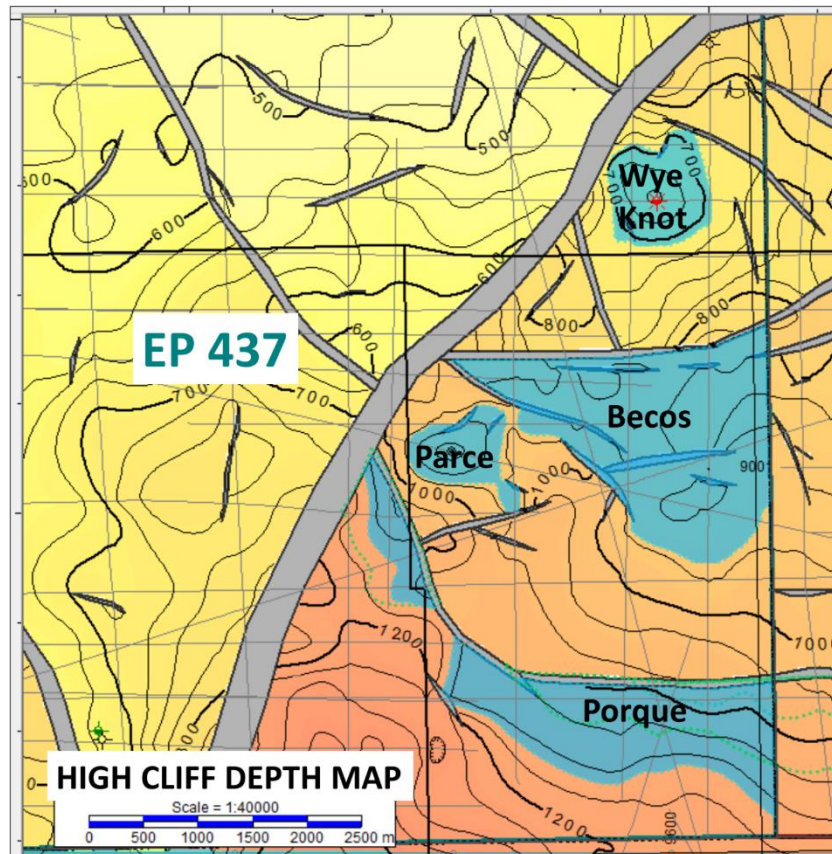
Key Petroleum Limited (Operator) (via wholly owned subsidiary)

86.94%

Pilot Energy Limited

13.06%

- Results presented on 16 June 2020 from investigations of the deeper High Cliff and Kingia exploration potential, which have expanded Key's understanding of this area.
- The combined prospectivity of EP 437, including the additional of deeper targets (below), has more than doubled the Prospective Resource potential to 5.13 (1U) – 16.17 (2U) – 31.12 (3U) MMbbls⁴.
- The application on behalf of the EP 437 Joint Venture for a 12-month Suspension and Extension for Permit Year 3 in which Wye Knot-1 was to be drilled was granted on 25 May 2020. Key endeavours to drill the Wye Knot-1 exploration well within the designated work program period.
- The Company has now received all necessary state regulator environmental and safety approvals for the drilling of Wye Knot-1. The program includes contracting Refine Energy Rig 1, which successfully completed the Mount Horner abandonment activities.



Permian Prospects, doubling Prospective Resource Potential of EP 437

⁴ As announced to the ASX in the presentation dated 16 June 2020 and see Prospective Resources Notes on Page 10.

Northern Perth Basin (Offshore)

WA-481-P

Key Petroleum Limited (via wholly owned subsidiary) 40%

Pilot Energy Limited (Operator) 60%

- ◆ Results presented on 16 June 2020 from investigations of the deeper High Cliff and Kingia exploration potential, which have expanded Key's understanding of this area. Renewal of WA-481-P received from NOPTA with additional procedural processes incorporated.
- ◆ Pilot as operator of WA-481-P is working to incorporate previous findings from the seismic reprocessing and inversion results as part of the reporting obligations associated with the work program commitments.
- ◆ Results and learning have been incorporated into a Renewal Work Program, maturing targets, including the Yungarra and Burney Prospects and other identified leads along the prospective fairway that extends to the south beyond the Xanadu discovery.

Corporate and Current Outlook for Key

- ◆ At the end of the quarter the Company had \$642,000 cash on hand with reimbursement of rehabilitation funds of \$328,000 and receipts of \$19,000 (Sections 2.5 and 1.1 of the 5B respectively).
- ◆ Exploration costs for the quarter were \$163,000 with a significant portion of the expensed costs relating to decommissioning costs which have been recovered through rehabilitation refunds.
- ◆ The Company completed a capital raising via a placement of 256,686,277 ordinary fully paid shares at \$0.0025 each to raise A\$641,715.69 (Placement) before costs. The Placement shares were issued to institutional and sophisticated investors.
- ◆ Key has maintained previously announced cost reduction initiatives, including reductions of 30% to wages of staff, contractors and senior management and freezing of non-executive director fees, as the impact of COVID-19 continues to be felt across the industry.

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	40.00%	40.00%	-	-
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: 31 July 2020
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 and is a qualified petroleum reserves and resources evaluator. Resources reported in this presentation and previous reports 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), South East Asia Petroleum Exploration Society (SEAPEX), Society of Petrophysicists and Well Log Analysts (SPWLA), Petroleum Exploration Society of Australia (PESA) and has over 20 years of relevant experience. Mr Marshall consents to the inclusion of the information in this document.

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.

Prospective Resources Notes:

Prospective Resources

- 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 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;
- Prospective resource estimates do not include barrel of oil equivalents for any gas associated with prospective volume categories involving oil volumes;
- All of the volumes reported are the net volumes for Key's respective interest in each permit or project;
- All prospective resources to date that are estimated on each of EP 437 and L7 were undertaken 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 probabilistically, and prospect resources summed arithmetically for the project totals for EP 437 and L7. Further information is available at the time of disclosure of those respective resource reports;
- 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 reprocessed in 2013. This 2013 reprocessed 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 L7 prospectivity includes a range of geological chances of success estimated to be in the range from 11 to 38%, largely based on the existing 2D seismic data coverage reprocessed in 2013. This 2013 reprocessed 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;
- Gross Prospective Resources are 100% of the on-block volumes are estimated to be recoverable from the Prospect 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. The Operator has estimated various GCoS for each of the prospects.

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")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	19	156
1.2	Payments for		
	(a) exploration & evaluation	(20)	(544)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(50)	(175)
	(e) administration and corporate costs	(200)	(665)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(1)	(9)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	68	68
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(184)	(1,168)

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	(49)	(675)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	150
	(c) property, plant and equipment	-	-
	(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)		
	Payment for rehabilitation expenses	(410)	(729)
	Reimbursement of rehabilitation expenses	328	1,413
2.6	Net cash from / (used in) investing activities	(131)	159

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	642	1,297
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	(48)	(93)
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)	-	-
3.10	Net cash from / (used in) financing activities	594	1,204

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	363	447
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(184)	(1,168)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(131)	159

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	594	1,204
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	642	642

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	627	348
5.2	Call deposits	15	15
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)	642	363

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	78
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. 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	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(184)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(49)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(233)
8.4	Cash and cash equivalents at quarter end (item 4.6)	642
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	642
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.77
<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		

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

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

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.

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: ..31 July 2020.....

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.