

10 March 2015

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

Dear Sir

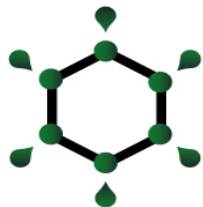
EXECUTION OF RIG CONTRACT

We attach herewith an ASX Announcement for Investors regarding the execution of a rig contract for the upcoming testing program in the North Perth Basin.

Regards



IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED



ASX RELEASE

EXECUTION OF RIG CONTRACT

Perth Basin - EP437

Joint Venture participants in EP437 are:

Key Petroleum Limited (Key Petroleum (Australia) Pty Ltd) (Operator) 43.47%

Rey Resources Limited (Rey Oil and Gas Perth Pty Ltd) 43.47%

Caracal Exploration Pty Limited 13.06%

After convening an EP437 Joint Venture meeting to agree the forward operations program in EP437, Key Petroleum Limited ("Key") via its wholly owned subsidiary Key Petroleum (Australia) Pty Ltd ("Operator") has now completed its assessment of tenders for all wireline, completion, perforating, wellhead and rig contracting services for the flow testing program to be conducted over the Bookara Sandstone interval at Dunnart-2 in EP437. A fixed lump sum turnkey contract has been executed with Drilling Contractors Australia ("DCA") for the use of DCA Rig 6 to run a simple 3 ½" tubing string completion designed by the Operator. The Operator is also in discussions with a number of other rig contractors interstate for a much larger exploration well campaign which could significantly reduce exploration well costs if such a campaign could be coordinated.

Tenders have now been awarded to Westlog for perforating services and for wireline services. Halliburton will supply a standard completion packer and other associated completion jewellery to land the 3 ½" tubing string and TKM Wellhead Services will supply all wellhead equipment including Christmas Tree, tubing hangers and valves. There has been investment by Key in its wholly owned oilfield services company Key Petroleum Services Pty Ltd which will provide oilfield camp, offices, vehicle, truck, water, fuel, earthworks and project management services for the program to control costs and increase the capabilities of the Operator as it seeks to plan more exploration activities in EP437 in the foreseeable future.

The Operator has received initial responses to its completion and testing program both from the Petroleum and Environment Divisions of the Department of Mines and Petroleum and Key will provide some further updates shortly to the market both on timing of the Dunnart-2 testing program and other exploration activities planned in the area.

For more information please contact:

Key Petroleum Limited
+61 8 6389 0322

Ian Gregory
Company Secretary
10 March 2015