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30 September 2015

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

MAIDEN RESERVES AND CONTINGENT RESOURCES STATEMENTS – NORTHERN CANNING BASIN

We attach herewith ASX Announcement pertaining to the Maiden Reserves and Contingent Resources Statements for Production Licence L15 and Retention Lease R1 respectively.

Regards

IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED

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ASX RELEASE

MAIDEN RESERVES AND CONTINGENT RESOURCES REPORTS

Gulliver Productions Pty Ltd ('Gulliver'), a wholly owned subsidiary of Key Petroleum Limited ('Key') is pleased to provide the following Maiden Reserves and Contingent Resources Report for Production Licence L15 together with the Contingent Resources Report for Retention Lease R1, both located in the Northern Canning Basin, Western Australia.

RESERVES

The West Kora Oil Field (L15) has a gross proved plus probable (2P) reserves of 380,000 barrels of oil (economic interest to Gulliver of 85.40%*)

CONTINGENT RESOURCE

The West Kora Oil Field (L15) has a gross (2C) contingent resource of 120,000 barrels of oil and the Point Torment Gas Field (R1) gross (2C) contingent gas resources of 4.725 Bcf (85.23% economic interest to Gulliver).

PROSPECTIVE RESOURCES OF CONVENTIONAL AND UNCONVENTIONAL PROSPECTIVITY

Prospective resource estimates for Key's conventional and unconventional prospect inventory are currently being assessed and will be released to the market in due course. Several prospects and leads exist in each of R1 and L15 in additional to large structural closures in EP104 along trend in the map attached overleaf.

The Resources assessment follows guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS). The Resource estimates used in these reports were compiled by Mr Len Diekman (Member SPE), Energetica Consulting, who is a qualified person as defined under the ASX Listing Rule 5.11 and has consented to the use of Resource figures in the form and context in which they appear in this report.

For more information please contact:

Key Petroleum Limited (Tel: +61 8 6389 0322)

Ian Gregory
Company Secretary

30 September 2015

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KEY PETROLEUM LIMITED RESERVES AND RESOURCES STATEMENT (UNAUDITED)

Gross Resources and Reserves as at 30 September 2015

Reserves by Asset

Permit	Permit Interest	Prospect/ Field	Petroleum Fluid	Low (1P) Estimate	Best (2P) Estimate	High (3P) Estimate
L15	Gulliver Productions Pty Ltd (85.40%) Indigo Oil Pty Ltd (14.60%)	West Kora	Oil	0.25 mmbl	0.38 mmbl	0.66 mmbl

Contingent Resources by Asset

Permit	Permit Interest	Prospect/ Field	Petroleum Fluid	Low (1C) Estimate (mmbl)	Best (2C) Estimate (mmbl)	High (3C) Estimate (mmbl)
L15	Gulliver Productions Pty Ltd (85.40%) Indigo Oil Pty Ltd (14.60%)	West Kora Oil Field	Oil	0.06 mmbl	0.12 mmbl	0.26 mmbl
R1	Gulliver Productions Pty Ltd (85.23%) Indigo Oil Pty Ltd (14.77%)	Point Torment Gas Field	Gas	2.41 Bcf	4.725 Bcf	8.42 Bcf

Notes:
1. Volumes calculated deterministically
2. mmbbl = million barrels; Bcf= billion cubic feet

Reserves and Resources Methodology

All volumes have been calculated deterministically using estimated ranges for field area, gross pay, net to gross, shape factor, porosity, water saturation, gas and oil formation volume factor and estimates of hydrocarbon recovery factor. Energetica Consulting served as reserves and resource evaluator on behalf of Key. Energetica officers and employees have no direct or other pecuniary interest in Key. It is Energetica's considered opinion that these estimates of petroleum resources and reserves as of 30 September 2015, are reasonable and have been prepared in accordance with the requirements of the ASX for reporting petroleum reserves and prospective resources in accordance with the SPE-PRMS.

Qualified Petroleum Reserves and Resources Evaluator

This Resources assessment complies with the Society of Petroleum Engineers –Petroleum Resource Management System (SPE‐PRMS) as published and amended up to the date of this report. The estimates of oil volumes in this report were compiled by Mr Len Diekman of Energetica Consulting. Mr Diekman, who is a qualified person as defined under the ASX Listing Rule 5.11, holds a Bachelor of Science Degree with First Class Honours in Exploration Geophysics from the University of Sydney and a Post Graduate Diploma in Applied Finance from the Securities Institute of Australia. He is a member of the Society of Petroleum Engineers, the American Association of Petroleum Geologists and is a Fellow of the Securities Institute of Australia. He is also a member of several other geological and geophysical and industry associations. Mr Diekman has relied on information supplied by Key Petroleum Limited and other information available to an ordinary citizen in the public domain.

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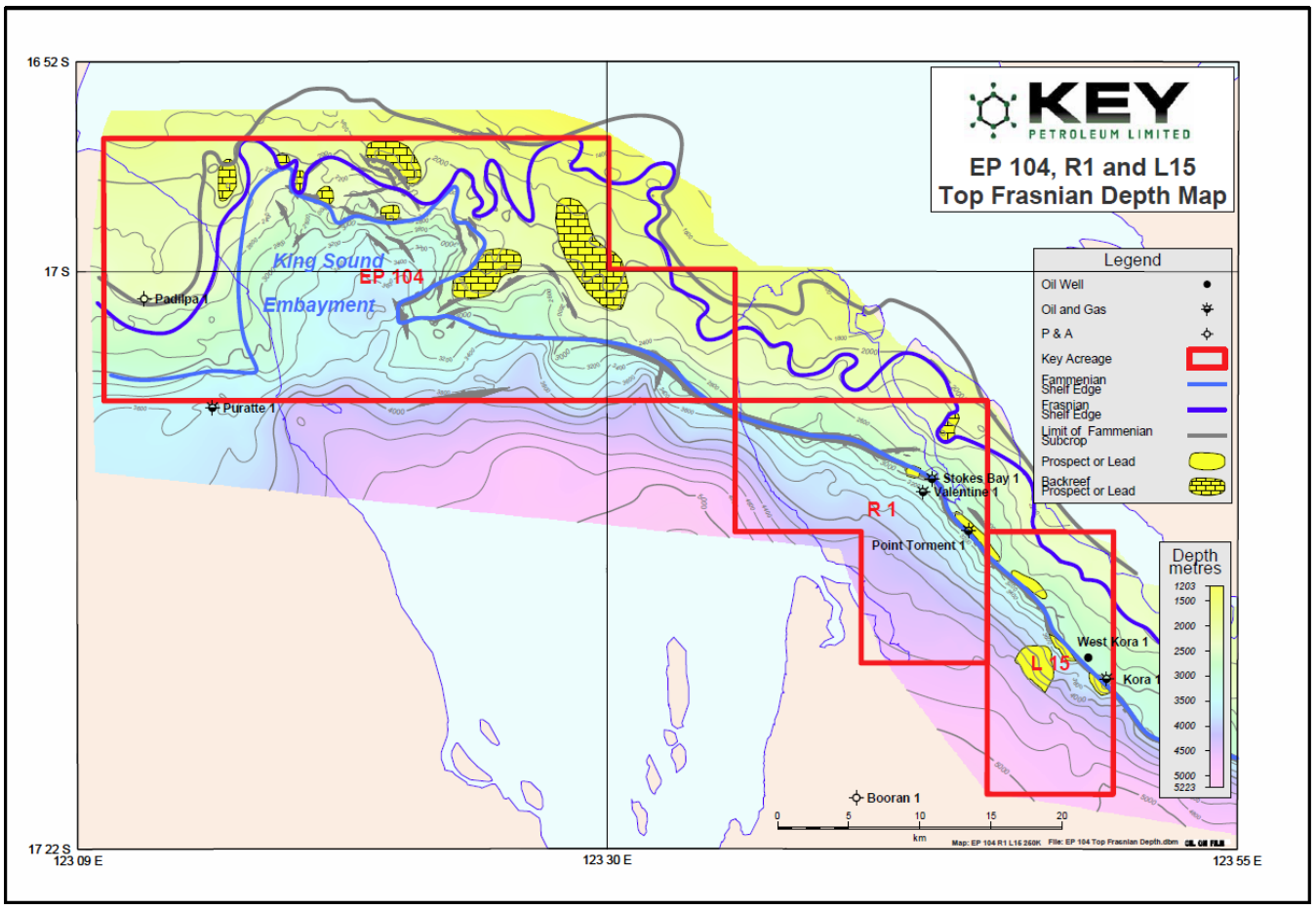

Key's Prospect and Leads Map from L15 (south) to EP104 (north)

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RESERVES AND RESOURCES DETAILS		
	L15 (West Kora)	**R1 (Point Torment)**
Economic Assumptions and Methodology	Oil price based on 50% chance of oil sales keyed to TAPIS crude oil price of $AU 48 less $2.00 quality differential, a 50% chance of an average exchange rate of $0.75 AUD/USD, inflation averaging 2.5% and a state royalty of 10% assumed throughout field life.	Gas price based on 50% chance of gas sales keyed to within a range of AUD 3.50 to AUD 4.00, a 50% chance of an average exchange rate of $0.75 AUD/USD, inflation averaging 2.5% and a state royalty of 10% assumed throughout field life. Using these assumptions, there is a high chance of the gas resource being upgraded to reserves if a market can be secured to allow commercially viable gas production notwithstanding further gas discoveries in the Retention Lease.
Operatorship	Key is Operator	Key is Operator
Licence Status	Production Licence.	Retention Lease prior to establishing a Production Licence.
Basis for confirming commercial producibility and booking reserves	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.	The reserves are hosted in the same geological formations that have already been productive in adjacent licences. These reserves therefore have numerous relevant nearby field analogues regarding producibility.
Analytical Procedures used to estimate the reserves and resources	Undeveloped reserves and contingent resource are estimated using a combination of well logs, seismic interpretation and structure mapping and recovery factor estimates from near-field developments.	Resources are estimated using a combination of well logs, seismic interpretation and structure mapping and recovery factor estimates from near-field developments.
Proposed extraction method and any specialised processing required	West Kora-1 is completed with liquid produced into an on-site production tank; a workover to isolate water bearing sands below the most recent perforated sand. West Kora-1 is cased and suspended but has good quality 49^0 API oil with a low gas to oil ratio. A 3 HP pump could be used to lift oil to surface if the water bearing sands were isolated successfully.	Production by surface pipeline to client looking for cheaper source of electricity generation.
Estimated Quantities to be recovered	See table above	See table above
Undeveloped Reserves:		
Status of the project	The development project is targeting existing reserves as well as contingent resource from the existing discovery well and onsite production equipment.	The project is targeting the contingent gas resource from an existing discovery well.
Development date	The reserves will be targeted for development within 5 years.	The resource will be targeted for development within 15 years.
Marketing arrangements and access to transportation	The reserves will be trans ported and marketed at the nearest refinery.	The reserves will be marketed through gas pipeline infrastructure within the immediate vicinity.
Environmental approvals	Environmental approvals are required for production	Environmental approvals are required for production