

13 December 2012

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

Dear Sir

**RE: INVESTOR UPDATE PRESENTION**

We attach herewith an Investor Update Presentation regarding Key Petroleum Limited's current activities.

Regards



**KANE MARSHALL**  
Managing Director  
**KEY PETROLEUM LIMITED**



*Key Petroleum Limited*

*INVESTOR UPDATE 2012*

The information in this presentation 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.

The information contained in this presentation 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 presentation.

Certain information in this presentation 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 Ltd's actual results, performance or achievements to differ from those referred to in this presentation. 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.



KANE MARSHALL



IAN PATON



REX TURKINGTON



DENNIS WILKINS

- **Mr Kane Marshall – Petroleum Engineer** BSc (Geology), BCom (Corp. Finance) & MPetEng

Appointed Managing Director in April 2012 with over 10 years experience in exploration, production and development internationally and in Australia

- **Mr Ian Paton – Geophysicist** BSc (Geophysics), MBA, MPetEng

Appointed as Non-executive Director in June 2012 with over 30 years experience in exploration, production and development internationally and in Australia. Previously Exploration and Development Manager at Santos and Conoco

- **Mr Rex Turkington – Economist** BCom (Hons) Economics), BCA & A.Fin

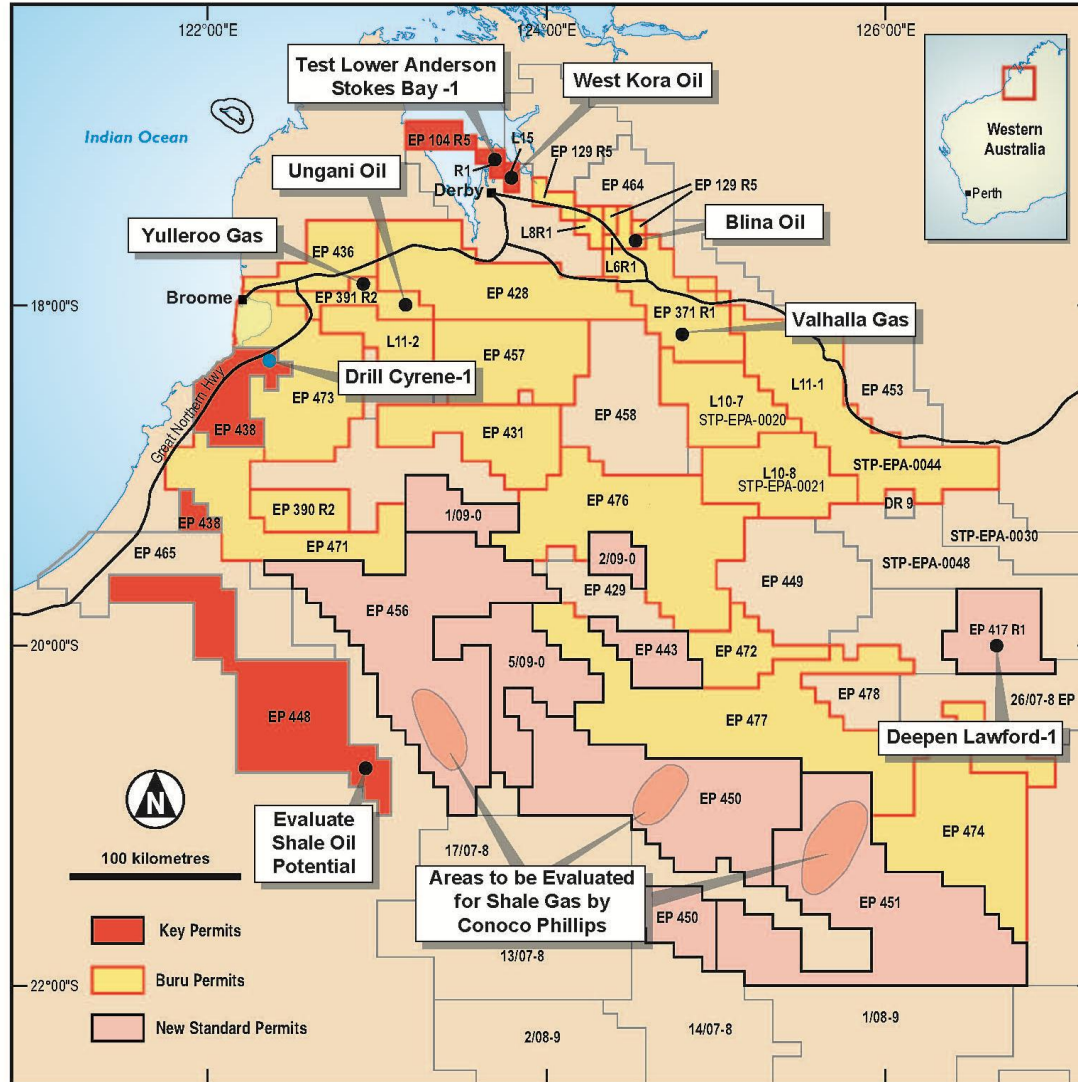
Appointed as Non-executive Director in July 2012 with over 30 years experience in stock broking and corporate advisory roles

- **Mr Dennis Wilkins – Accountant** BBus, ACIS, AICD

Appointed as Non-executive Director in July 2006 with over 30 years experience in corporate finance, accounting, legal and other advisory services

- Primary re-focus to Australian exploration and development opportunities
- The Company has now exited from all minority small impact international interests
- New board in place with track record of success as at July 2012 to execute new strategic direction
- Company continues to assess new opportunities to add third limb to basin exposure both in Australia and Internationally
- Emphasis on operatorship opportunities given technical capability of delivering projects and as demonstrated by taking Cyrene-1 operatorship

- Canning Basin - Conventional and Unconventional:
  - EP 448 - 70.00%
  - EP 438 - ❖76.00%
  - EP 104 - 16.44%
  - R1 - 16.44%
  - Production License L15 (West Kora Oil Field) - 49.00%
- North Perth Basin Conventional Oil:
  - EP 437 - 50.00%
- ❖ *After completion of farm out wholly owned subsidiary Gulliver Productions Pty Ltd will reduce from 76.00% to 20.00%*



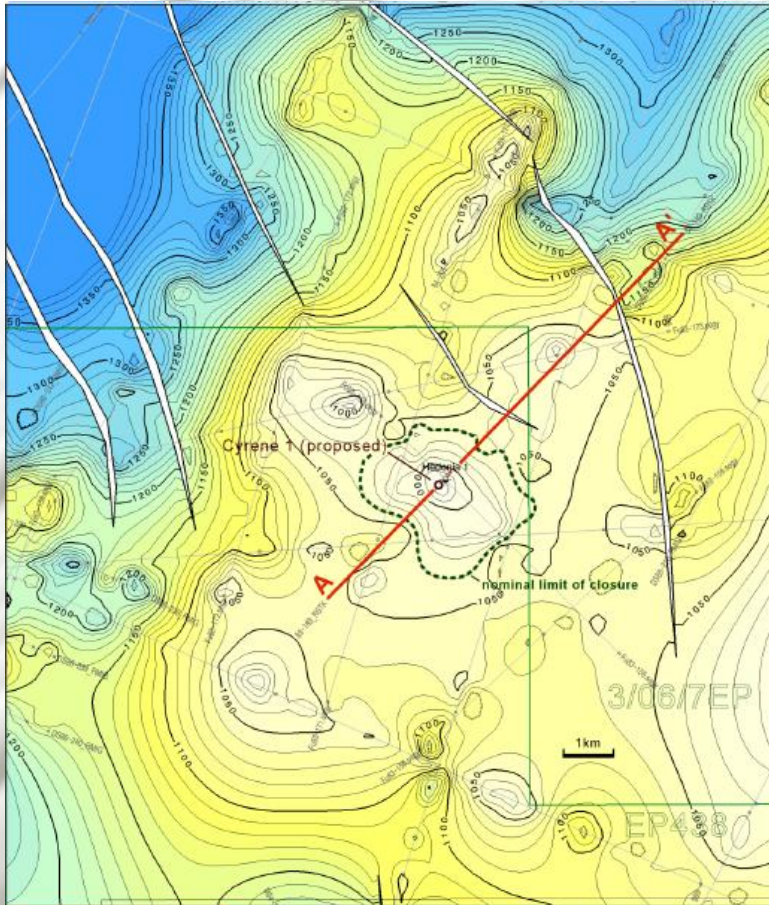
**CANNING BASIN  
RECENT DISCOVERIES AND  
FUTURE ACTIVITY**

- Interests in four million gross acres encompassing conventional and unconventional targets
- Liquids focused exploration
- Key operates one block (EP 448) and currently operates Cyrene-1 on behalf of the EP 438 Joint Venture
- Cyrene-1:
  - Post farmin Key interest goes to 20.00%
  - Operations have commenced at Cyrene-1 including preparation for drilling main hole section by setting conductor and drilling surface hole
  - Unconventional Goldwyer and conventional Willara oil objectives
- Seeking farmin partner for EP 448 (70%) for large unconventional Goldwyer oil play
  - Adjacent Niokaly-1 results are positive for Key (EP 448 likely to be in gas-condensate/oil window) as Goldwyer shales are at ~2,000 metres depth

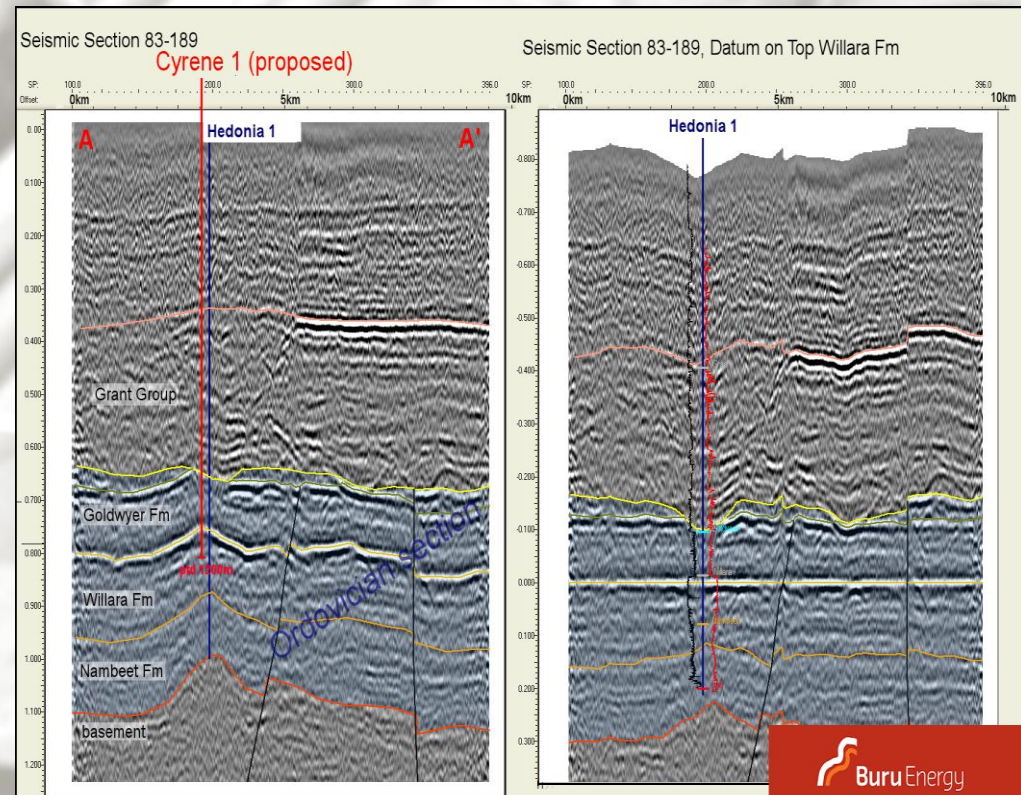


# Key Petroleum Limited Exploration Programme

Cyrene-1 commitment well targeting both conventional and unconventional plays over a 4 way dip anticlinal structure



Cyrene prospect - Depth Structure Map  
Willara Fm Carbonate (reservoir) c.i. = 10m  
depth below msl datum pbe 03mar10



# Key Petroleum Limited Exploration Programme (cont'd)

## **CYRENE -1, ONSHORE CANNING BASIN, WA**

- Cyrene-1 farmed out to Buru Energy to earn 75% (Mitsubishi and Buru) in EP 438 by spending \$3 million including a well
- Key Petroleum (70%) and Indigo Oil Pty Ltd (20%) are carried through the \$3 million spend however any spend over \$3 million incurs a cost to Key
- \$500,000 already spent by Buru on Athos 2D seismic survey indicating follow up exploration drilling in the event of Cyrene-1 success
- Post drilling of Cyrene-1 will result in Key Petroleum retaining 20% in EP 438





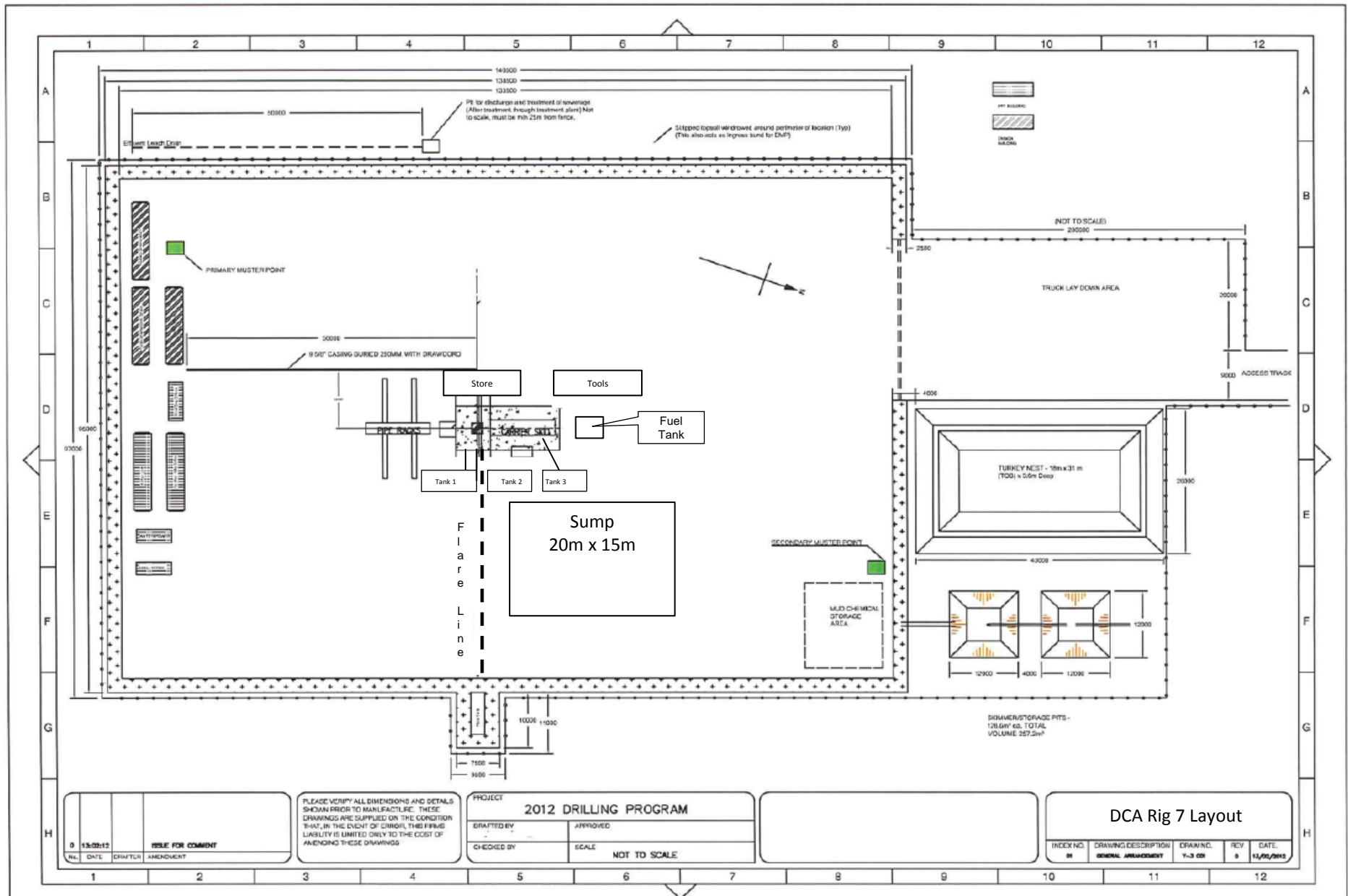
# Cyrene-1 Location

## LOCATION

- Located on a working cattle station
  - Gates to be kept closed at all times (cattle)
  - Speed limit in place on access track
  - Rig location marked from the main highway



# Cyrene-1 Wellsite Layout



ISSUE FOR COMMENT		
NO.	DATE	DRAWN/AMENDMENT
0	13-09-12	

PLEASE VERIFY ALL DIMENSIONS AND DETAILS SHOWN PRIOR TO MANUFACTURE. THESE DRAWINGS ARE SUPPLIED ON THE CONDITION THAT, IN THE EVENT OF ERROR, THE FIRM'S LIABILITY IS LIMITED ONLY TO THE COST OF AMENDING THESE DRAWINGS.

PROJECT <b>2012 DRILLING PROGRAM</b>	
DRAFTED BY	APPROVED
CHECKED BY	SCALE <b>NOT TO SCALE</b>

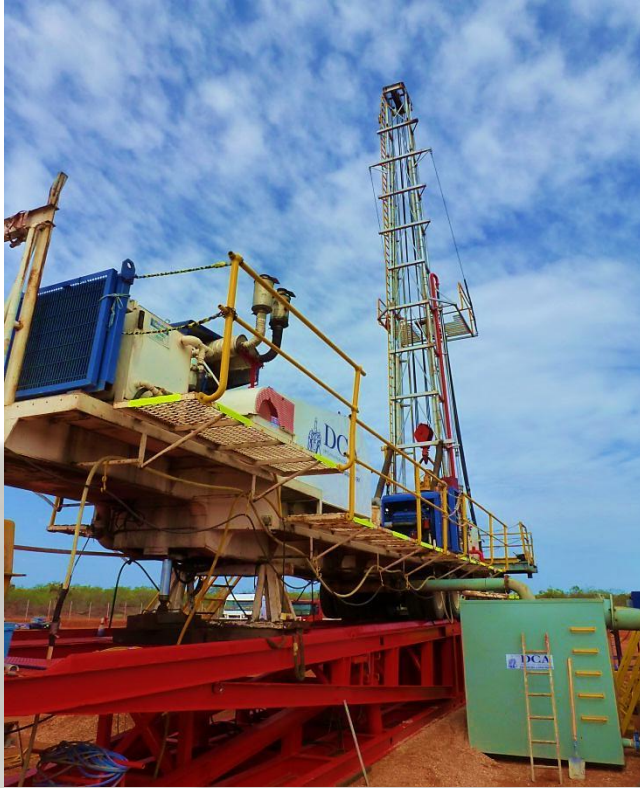
DCA Rig 7 Layout				
INDEX NO.	GENERAL ARRANGEMENT	DRAWN	REV	DATE
01		Y-3	01	13/09/2012

## WELLSITE ACTIVITIES

- All site works completed and drilling to commence with all DCA Equipment on site
- Pre-drilling start up meeting conducted on 11 December 2012
- Surface hole section to be drilled before Christmas then operations suspended over Christmas break. Will re-commence in January the formal 8 ½" hole section involving extensive coring and evaluation at end first week of January
- Dedicated flow test of Willara to be end January/start of February

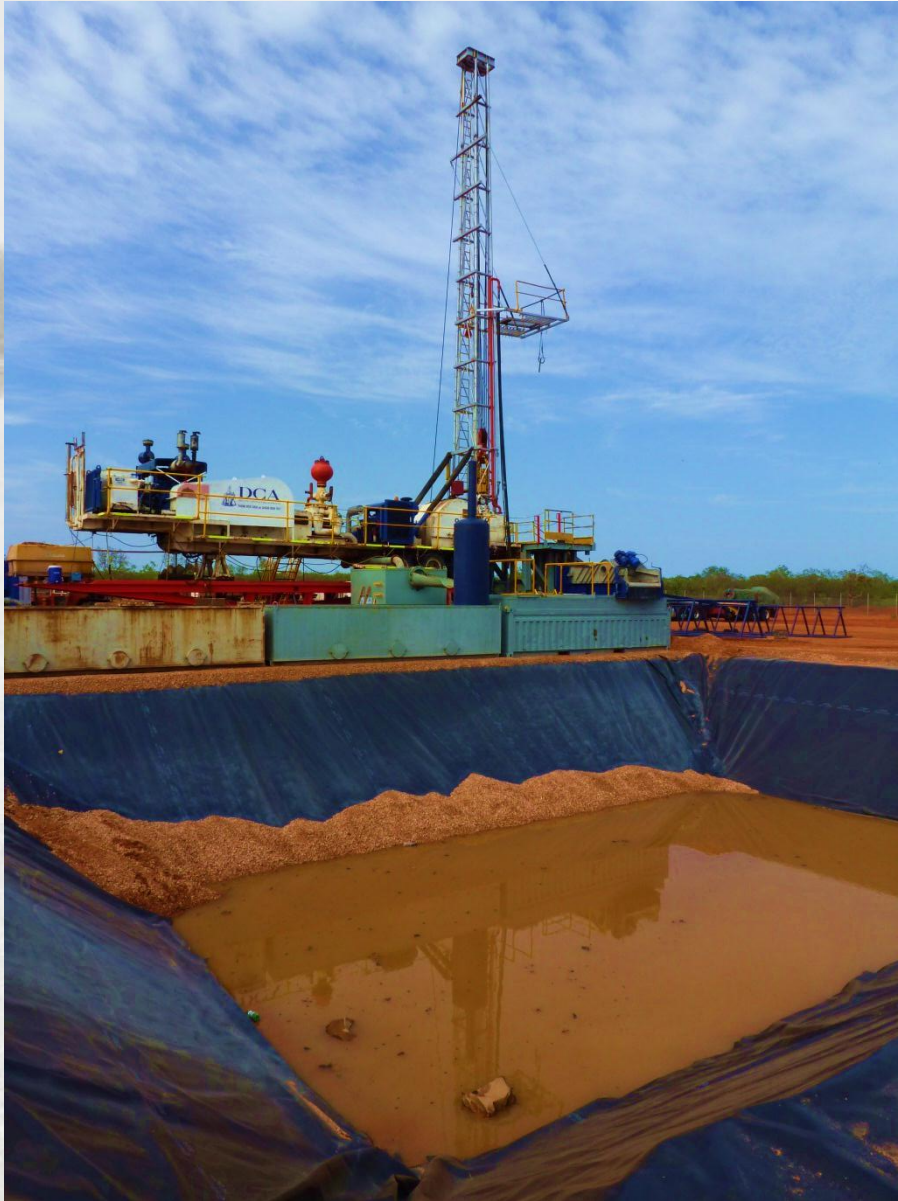


DCA Rig 7 rigged up on location pre-spud



## OPERATION ACTIVITIES UPDATE

- Planned surface hole to a depth of 175m will be drilled followed by the running and cementing of the 9 5/8" surface casing
- The BOP Stack will be nipped up and operations suspended prior to drilling to the primary target in January.
- Upon commencement of drilling in January, all third party contractors and their subsequent equipment will be mobilised and rigged up on the Cyrene-1 location to drill ahead in the 8 ½" and 6" hole sections.
  - Baker Hughes – mudlogging and coring of the lower Goldwyer
  - Schlumberger – wireline logging of the intermediate 8 ½" hole section including the cored Goldwyer section
  - Westlog – wireline operations including logging of the Willara Formation and swabbing during flow testing of the Willara
  - DST Australia – flow testing of the Willara "lost circulation zone"



Earthworks and necessary civil works for the rig and camp were completed in October 2012





Wellhead and rig equipment has been offloaded on location as well as surface casing and drill pipe



The drilling camp has been delivered to site and has been setup to house up to 30 personnel.

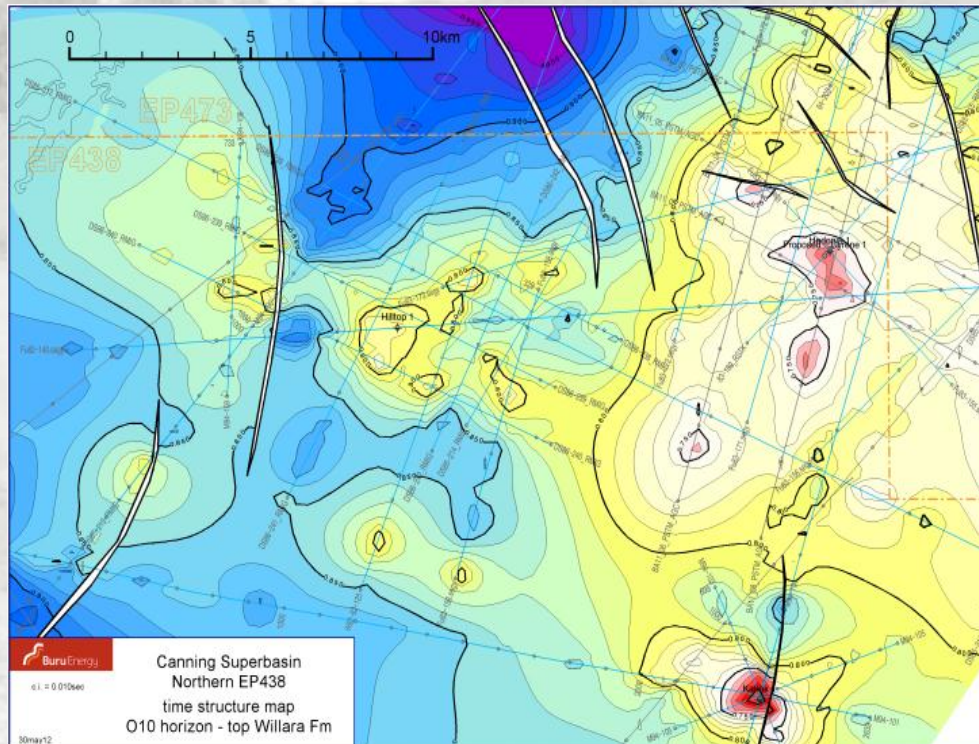


A pre-drill start up meeting was conducted on 11 December 2012 with DCA Manager Trevor Iley and Key Petroleum Managing Director Kane Marshall amongst other important personnel.



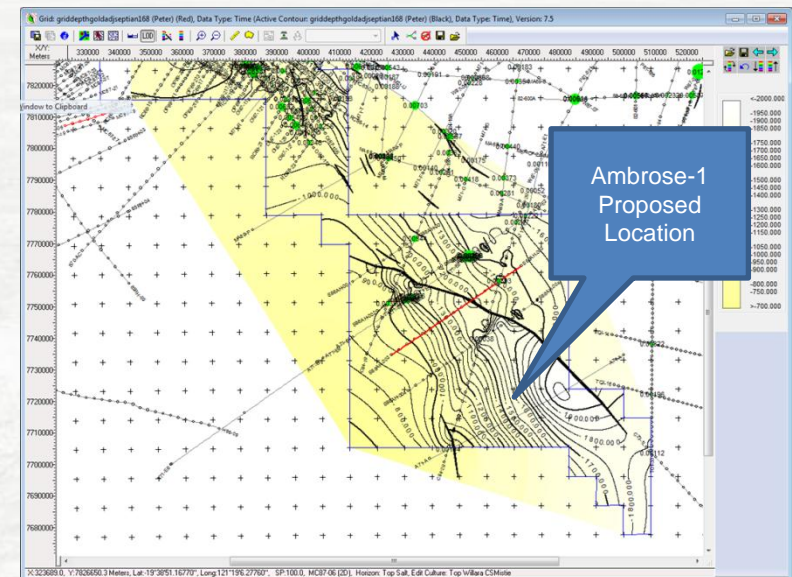
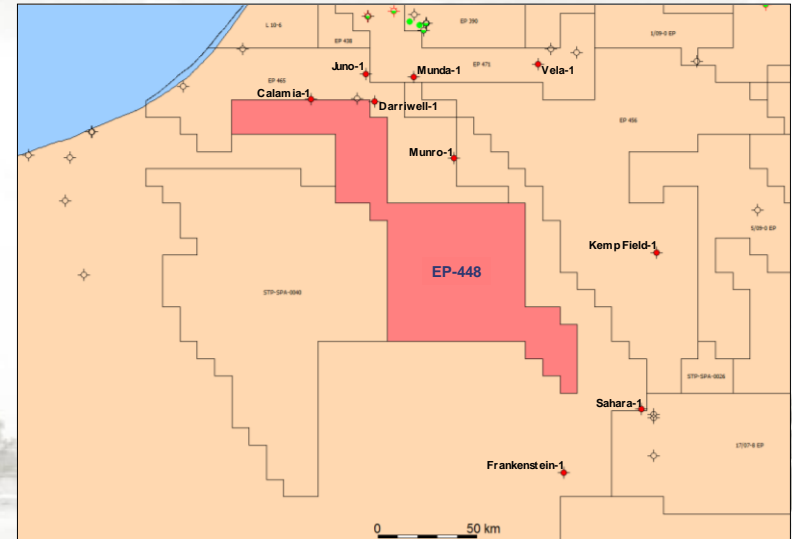
# Canning Basin Conventional & Unconventional Upside Potential

- Athos 2D seismic survey has identified other conventional and unconventional structures in the EP 438 permit
- Core of Goldwyer shale will assist in understanding of unconventional potential of Key's EP 448 permit (Key 70%) where Key is seeking to drill a well in 2014
- Large unconventional Ambrose shale oil prospect in EP 448 updip of Nicolay-1 location that has been drilled by New Standard Energy and Conophillips recently with the Goldwyer deeper than Goldwyer in EP 448

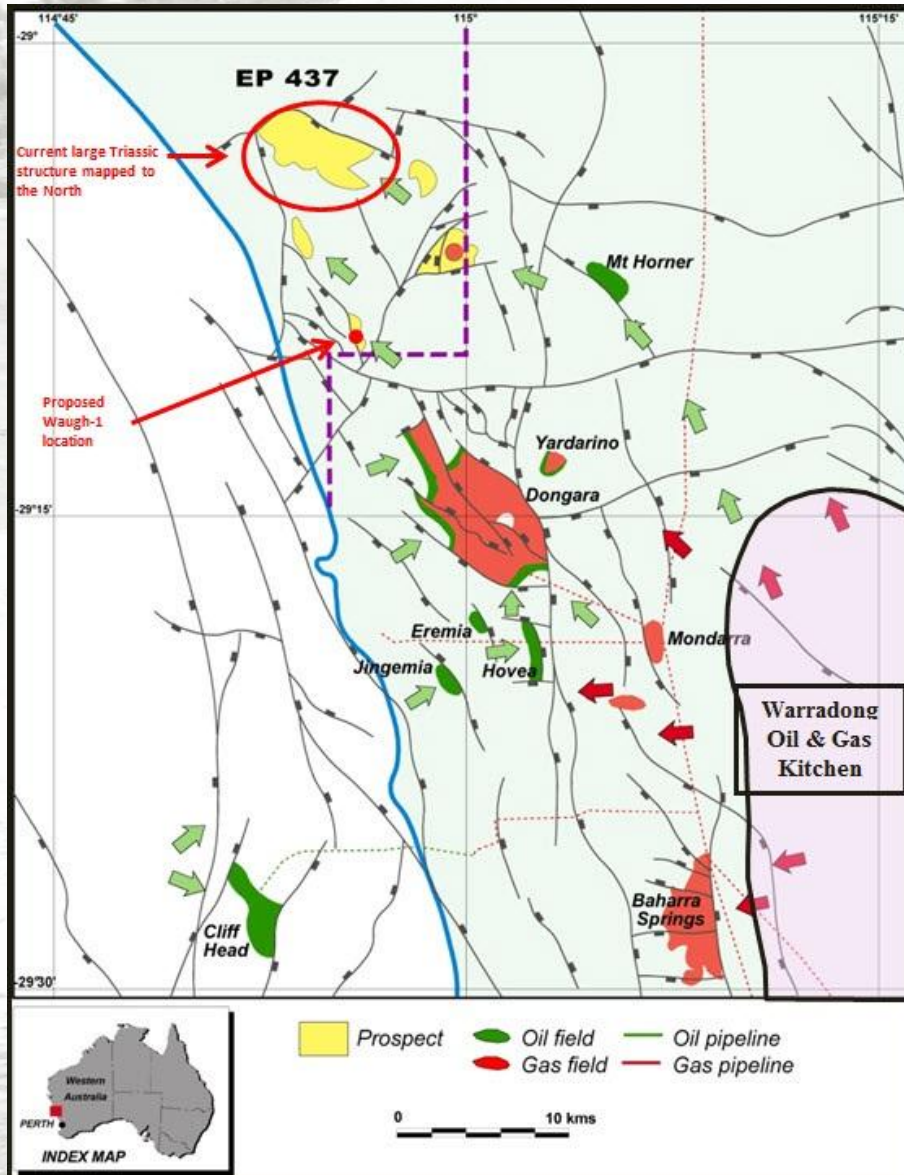


# Canning Basin Conventional & Unconventional Upside Potential (cont'd)

- Currently seeking farmin partner for EP448 to drill a well in 2014 Canning Basin dry season and commencing heritage and environmental approvals for geochem survey in 2013
- Seismic commitment (estimated \$5 million) was varied for geochem survey and well pre-planning to enable sufficient time for environmental and heritage approvals for drilling in 2014
- Stokes Bay, Point Torment and West Kora conventional oil and gas upside in blocks EP 104, R1 (16.44%) and L15 (49%)



# North Perth Basin Conventional & Unconventional Potential



- Key Petroleum has a 50% interest in EP 437
- The Key technical team has identified two distinct play types:
  - Unconventional carbonaceous shale gas potential of the Cattamarra Coal Formation
  - Conventional Triassic oil potential contained within sands of the Bookara sandstone sequences
- Previous Dunnart-1 exploration well indicated good oil shows in the Bookara sandstone sequence that were not tested

# North Perth Basin Conventional & Unconventional Potential (cont'd)

- Looking to farm out EP437 or equity swap into other basin acreage that team is currently evaluating
- EP 437 Commitment Waugh-1 is planned primarily to conventional oil play:
  - Open hole drill stem test planned if good oil shows are found in the Bookara sandstone sequence potential for 2-5 million barrels of oil recoverable

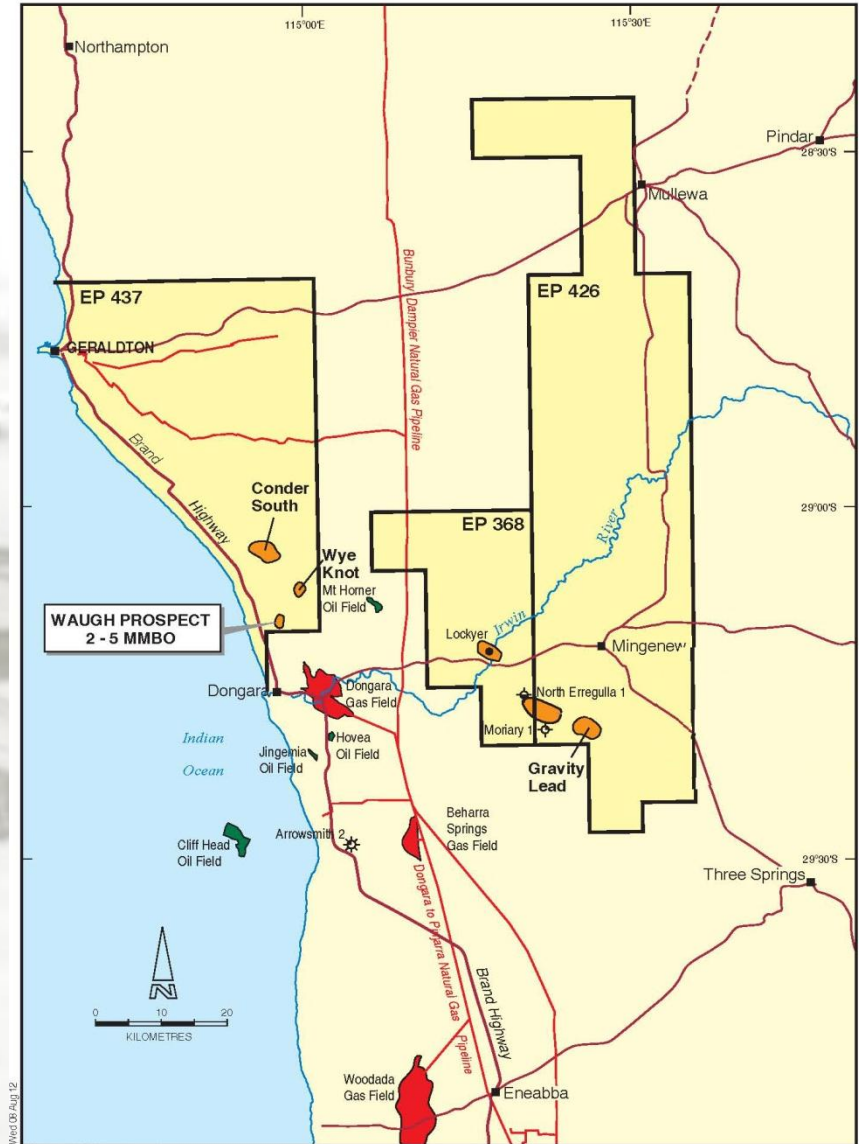


FIGURE 1

# North Perth Basin Conventional & Unconventional Potential (cont'd)



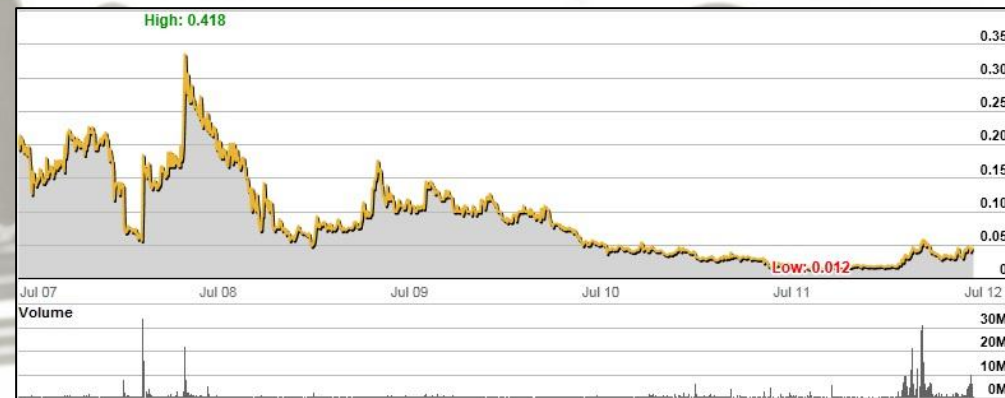


- Key Petroleum listed in 2007
- Market Capitalisation as at 13 December 2012 is ~ \$13.5 million
- Cash ~ \$4.4 million
- No contingent liabilities
- Capital Structure 450,509,417 shares
- Top 20 controlling ~ 33.4%
- New board in place July 2012
- Strong cash position with strong exploration activities already commenced on Cyrene-1 with follow up drilling in Waugh-1 to follow
- Future strategic direction focuses on liquids in the Canning Basin and other opportunities in Australia with infrastructure synergies

1 Year Daily Share Price Movement



5 Year Daily Share Price Movement



# *Key Petroleum Limited*

