

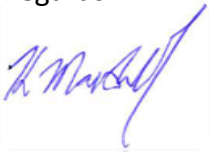
29 July 2013

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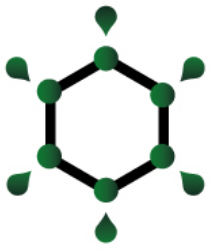
QUARTERLY REPORT & APPENDIX 5B

We attach herewith Quarterly Report and Appendix 5B for the period ended 30 June 2013.

Regards



J L KANE MARSHALL
Managing Director
Key Petroleum Limited



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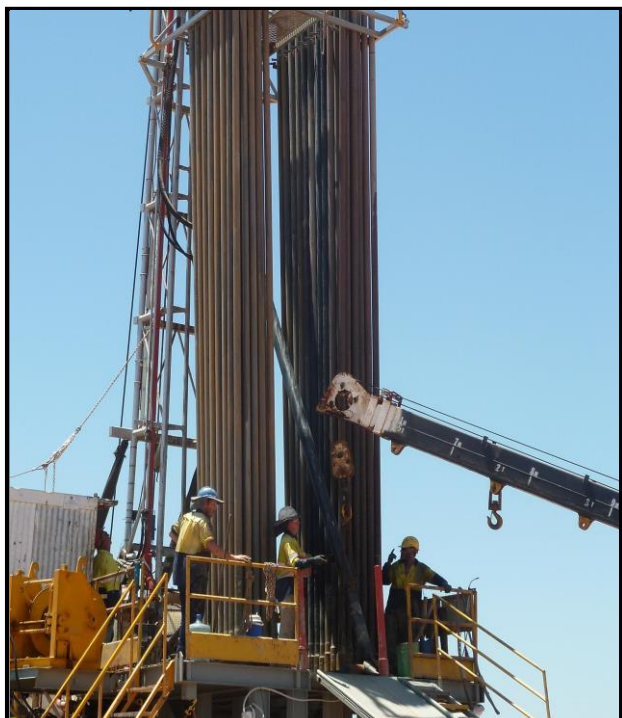
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QUARTERLY REPORT

FOR THE PERIOD ENDED 30 JUNE 2013

ACN 120 580 618

UPDATES ON PETROLEUM EXPLORATION ACTIVITIES FOCUS AND STRATEGY FOR THE QUARTER



Goldwyer Formation coring operations at the EP438 Cyrene-1 well earlier this year. Key operated the exploration well under budget and has now taken another position as Operator in EP4104 with a view of seeking further operatorship opportunities in the Canning Basin.

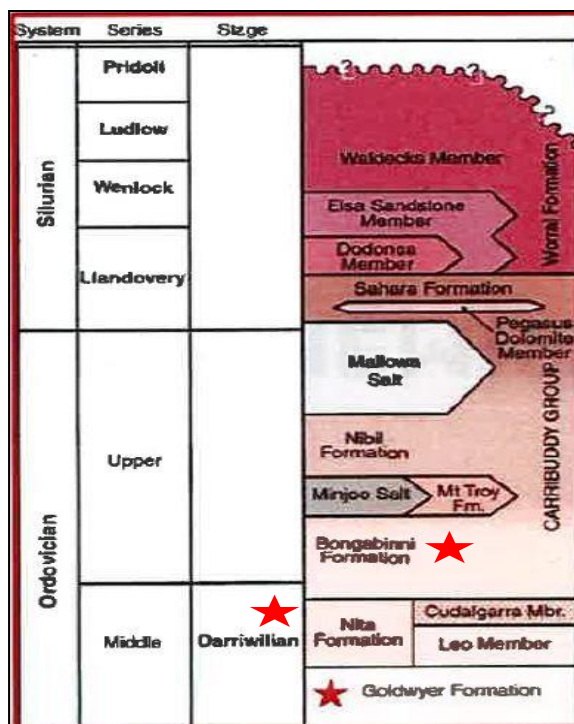
During the quarter Key Petroleum Limited (“Key” or “Company”) has continued to pursue onshore Australian-based exploration opportunities and assess additional exploration prospects.

The focus on the onshore potential in WA has led to negotiations on acreage in the Canning Basin and the advancement of exploration in the North Perth Basin. Key is also seeking potential farminee partners for both its Canning and Perth Basin acreage positions.

The approval process for the Dunnart-2 (previously Waugh-1) exploration well is continuing with a revised Environment Plan (“EP”) lodged during July 2013 with the Department of Mines and Petroleum (“DMP”). Land access negotiations are ongoing and once resolved the joint venture will be in a position to provide clarity on timing of drilling and rig mobilisation to the Dunnart-2 location.

An intensive operation involving geochemical surveys, well scouting and environmental surveys will be conducted during the next two quarters. Depending on timing of approvals, the operation is planned for October 2013 within the south-east portion of Key’s EP 448 permit. The programme is being specifically planned so as to maximise dry weather working conditions and ensure timely approvals for 2014 exploration drilling.

The geochemical survey has been tailored to identify pre-salt Goldwyer, Bongabinni and Nita conventional and unconventional prospects as well as post Ordovician salt prospects in the younger Grant Formation. The survey will be conducted by helicopter across three existing seismic lines and then on-ground along the Kidson track to the far south eastern corner of the permit where an extension of the Ambrose unconventional prospect has been mapped.



The sedimentary sequence over EP448 contains the organic rich Bongabinni and Goldwyer source rocks interpreted to be generating oil in EP448. A dedicated geochemical survey will assist in further identifying prospects associated with these formations as well as younger post salt targets.

A Sale Agreement between Emerald Oil and Gas NL (“Emerald”) and Key was executed during the quarter with Key securing Emerald’s 14.17% beneficial interest in Canning Basin retention lease R1 and 24.98% interest in exploration permit EP 104. Key has been appointed Operator of EP 104 through its subsidiary Gulliver Productions Pty Ltd (“Gulliver”) and is now the major equity holder in this permit following the withdrawal of Buru Energy Limited (“Buru”). The technical team at Key has identified a number of onshore and offshore prospects in this permit and will begin the process of honouring the work programmes upon acceptance and approval of the renewal programme, which has been submitted by Gulliver on behalf of the EP 104 joint venture to the DMP.

Activities for the next quarter include:

- Working towards gaining environmental approvals from the DMP and progressing land access terms for the EP 437 exploration well, Dunnart-2;
- Completing technical review with joint venture partners in EP 104 to determine the size and risk of conventional and unconventional gas plays of the Anderson Formation upon grant of the renewal by the DMP;
- Continuing to build strategic alliances with downstream companies in the Pilbara region to identify suitable exploration programmes that may unlock significant commercial opportunities for the EP 104 joint venture;
- Liaising with the Traditional Owners to coordinate Heritage Surveys in the south-eastern part of EP 448 and obtain the necessary approvals for exploration drilling in 2014 in accordance with Heritage Agreement protocol;
- Gaining environmental, title division and health and safety approvals for the geochemical survey and prepare to execute the geochemical soil survey in EP 448, focusing around three existing seismic dip lines to identify further conventional and unconventional prospects;
- Scouting areas in EP 448 for road, air strip and drilling locations by helicopter and on-ground;
- Lodging relevant permits for any clearance work required for drilling infrastructure in the Canning Basin dry season of 2014;
- Progressing farmin discussions for up to two wells in EP 448 in 2014 within the interpreted 1,000 square kilometre oil window (2 million acres) that contains the Ambrose-1 and Walsh-1 well locations that the Company is now planning;
- Selecting a suitable farmin partner for Dunnart-2 to decrease the Company’s risk exposure and to preserve capital for additional exploration projects; and
- Evaluating and negotiating further new venture opportunities consistent with the Company’s exploration and new venture strategy as outlined to shareholders in 2013.

2013 EXPLORATION PROGRAMME



EP 437

Government approvals for drilling the exploration well Dunnart-2 have progressed with formal health and safety approval granted while land access negotiations continue.

Revisions to the EP were submitted to the DMP in July and further announcements with regard to timing of rig mobilisation and spud date will be made upon receipt of relevant title and environmental approvals and completion of land access negotiations.



EP 448

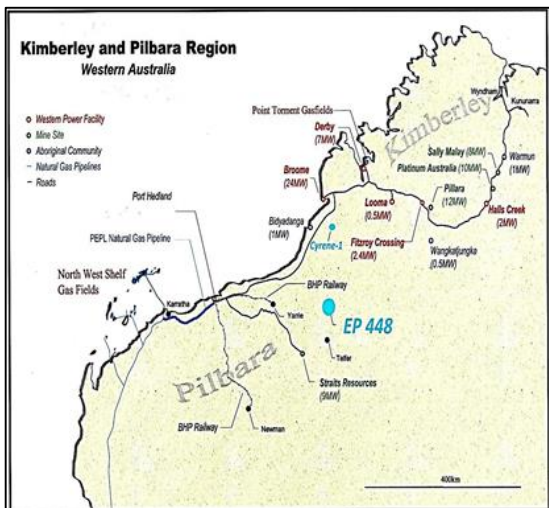
Discussions with Traditional Owners have commenced with regard to conducting a Heritage Survey within the EP 448 permit during 2013. Key is progressing with DMP approvals and it is anticipated that the drilling of two wells, one being a commitment well, within the permit will take place in 2014.

Integration of regional aeromagnetic and aerogravity data has identified two sub-basins or source kitchen lows which could be large unconventional oil plays as well as being the main source for currently mapped conventional leads in the block. These leads have been mapped on the ridge between these basement lows and the Kidson Sub-basin to the east.

An inventory of the conventional prospects and leads in the area demonstrates the potential size and type of these opportunities and the distinct geology and structural features distinguish this area from the main Kidson Sub-basin, which has little in the way of conventional oil or gas structural or stratigraphic play types.

Key has a number of exploration activities within the Perth and Canning Basin this year with a view to accelerate drilling efforts in 2013 and 2014

The current technical interpretation has led to an expansion of the geochemical survey to the south east as well as revised maturity modelling of the Goldwyer and Bongabinni source rocks in the low structural area in the north of the permit.



Regional gas supply and demand in the Pilbara and Kimberley area were primary drivers for the acquisition of Emerald’s interest along with other project economic metrics

EP 104 & R1

Key’s decision to acquire Emerald’s Canning Basin interests was made on strict commercial and technical criteria as previously communicated to shareholders at last year’s Annual General Meeting (“AGM”). Supply of gas in the area was identified as being at higher cost than if it were to be discovered in close proximity to the towns of Derby and Broome. These supply costs are currently attributed to transport costs associated with bringing gas to these towns via trucking of mini LNG from Karratha.

Gas demand analysis indicated that demand is not only prevalent in the coastal towns of Broome and Derby but the many mining towns in the Pilbara and Kimberley region. Project economics indicate that a

discovered gas resource could be brought on stream in a relatively short period of time compared to other Australian onshore projects and with a relatively short payback period.

EXPLORATION SCHEDULE

The Company has ramped up its technical programmes as it seeks to mature existing exploration projects as well as identifying additional new opportunities. The focus of exploration assets across projects for the next quarter is illustrated below in the Company’s Exploration Schedule.

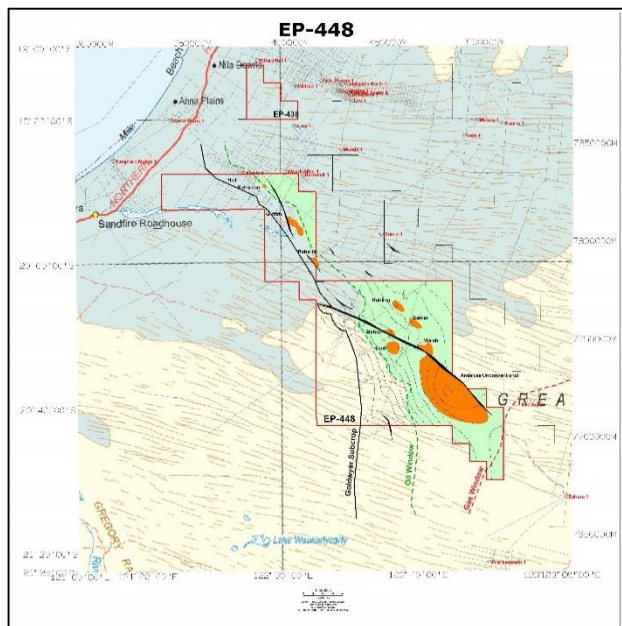
	JULY	AUGUST	SEPTEMBER
EP438	[Yellow bar spanning July and August]		
EP448	[Purple bar spanning July, August, and September]		
EP104	[Yellow bar spanning July, August, and September]		
EP437	[Red bar in July, Black bar in July/August, Green bar in August, Yellow bar in August, Blue bar in August/September, and Blue bar labeled 'Dunnart-2*' in September]		
R1	[Yellow bar in September]		
L15	[Yellow bar in September]		

[Yellow bar]	Technical Evaluation
[Purple bar]	Logistics and Planning of work commitment
[Green bar]	Environmental Approval and Environmental Surveys
[Red bar]	Health and Safety Approvals
[Grey bar]	Heritage Surveys and Heritage Approvals
[Blue bar]	Work commitment - geochemical survey or exploration drilling
[Black bar]	DMP Renewal Approvals
[Light Blue bar]	Land Access Approvals
[Yellow bar]	Earthworks
[Yellow bar]	Well Scouting

*Subject to DMP and Land Owner Access

EP 448, CANNING BASIN, WESTERN AUSTRALIA

KEY PETROLEUM LIMITED (Gulliver Productions Pty Ltd) (OPERATOR) 78.00%
INDIGO OIL PTY LTD 22.00%



EP448, Canning Basin, WA overlain on the geomorphology and direction of sand dunes. Green is the oil window within the permit and orange the conventional and unconventional prospects and leads

Key, as Operator, is working towards carrying out the 2013 geochemical soil survey which will be the first geochemical survey of its type in this part of the Canning Basin and will be focused over a 1,012 square kilometre area in the permit defined as the oil window.

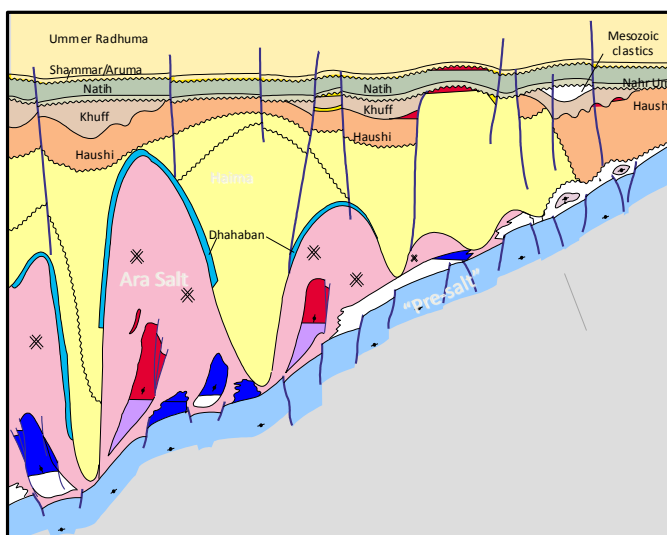
The conventional prospect types to be identified by the geochemical survey include those that are analogous to the large post salt sequence oil fields in Oman. These large carbonate fields have had oil sourced from similar aged sequences to that of the Bongabinni and Goldwyer formations where oil has expelled upwards in between Ordovician salt pillow features into younger Grant formation structural traps.

Additional stratigraphic traps to the west and structural traps at the Nita level where oil has migrated into traditional carbonate Nita reservoirs comprise the exploration play concepts in this part of the Canning Basin.

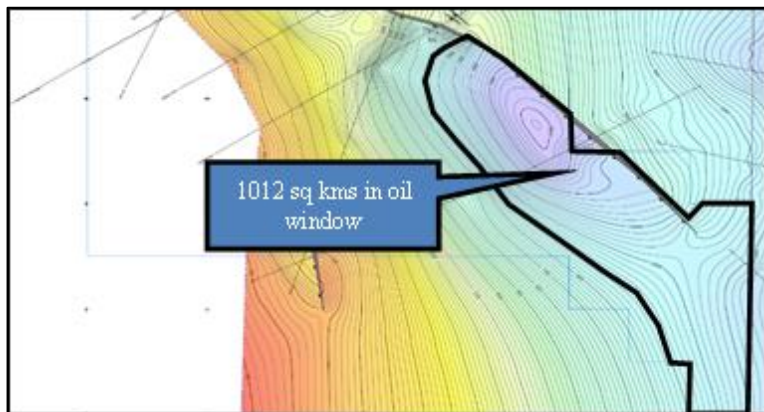
The survey will also assist in defining the nature of the unconventional Bongabinni and Goldwyer Ambrose style play and its possible extension to the south with the data from this survey to be incorporated into well planning work in late 2013.

The Company is also working towards drilling two wells in 2014, contingent upon securing a suitable strategic farmin partner.

These proposed wells are located 30 kilometres apart within the oil window and named Ambrose-1 and Walsh-1. The Ambrose-1 well will target a large unconventional Nita Oil prospect with maturity models indicating mean prospective retained oil in place of 25 million barrels per square kilometre over an area of approximately 1 million acres.



Oman analogue of the younger structures in EP448 post-salt. The red oil pools in younger structures have accumulated as a result of oil migration from pre-salt source rocks and migrated between salt pillows and up faults to these structures. Key's dedicated geochemical survey could potentially identify these type of prospects.



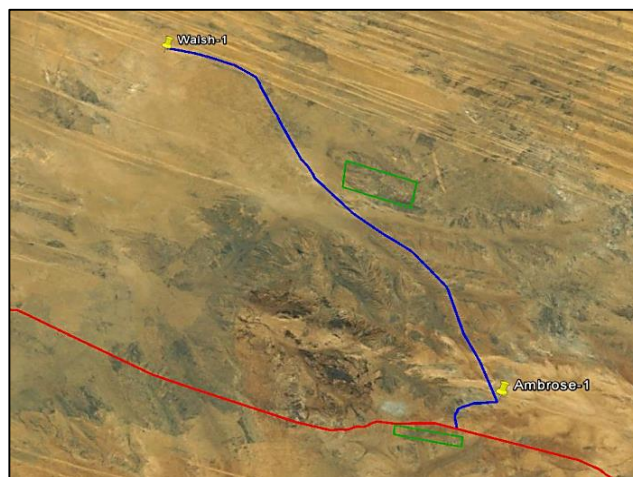
The currently interpreted 1,012 square kilometre oil window in the south east part of EP448

The Walsh-1 well will test the extension of the Ambrose unconventional Goldwyer and Bongabinni prospect as well as test conventional Nita structural objective, being defined as a high risk fault dependent structure with a mean prospective resource volume of 132 million barrels¹.

The two well locations will be scouted in the next quarter as part of identifying all the infrastructure required for exploration drilling at the same time as the geochemical and environmental surveys are conducted.

The notional exploration infrastructure that has been identified to date is highlighted below:

- Blue illustrates the proposed roads to be built in 2014
- Red represents the existing Kidson track access from the Great Northern Highway
- Green indicates the proposed fixed wing airstrip areas required for change out of rig crews during an extensive drilling campaign
- All infrastructure is subject to a lengthy approval process which requires both Heritage and Environmental surveys



During the quarter Key met with the Traditional Owners, the Nyangumarta People, to discuss exploration activities planned for 2013 and 2014. Talks are continuing with the Traditional Owners regarding the Heritage Survey to be conducted in 2013, as part of approvals for exploration drilling in 2014. A Heritage Protection Agreement is already in place over the main prospective area of the EP 448 permit.

Ongoing farmin discussions are continuing with a prospect inventory of conventional and unconventional prospects completed from existing seismic data as well as integration of aeromagnetic and aerogravity data, to better understand the areas of good source rock development in the Bongabinni and Goldwyer formations.

¹ As defined by ASX Reserve Reporting under the Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS) and defined in Chapter 5 of the ASX Listing Rules

Geochemical Survey Information



Geochemical sampling methods include a stainless steel probe designed by Petrofocus Pty Ltd, which is hammered into the soil horizon at depths of 40 to 80 centimetres beneath the upper soil surface and a sample of gas taken through a series of septa into a syringe.

The gas in the syringe is capped to remain gas-tight and analysed later that evening or the next day under controlled temperature conditions at Sandfire Roadhouse from where well scouting, geochemical surveys, logistics and environmental surveys will be coordinated.

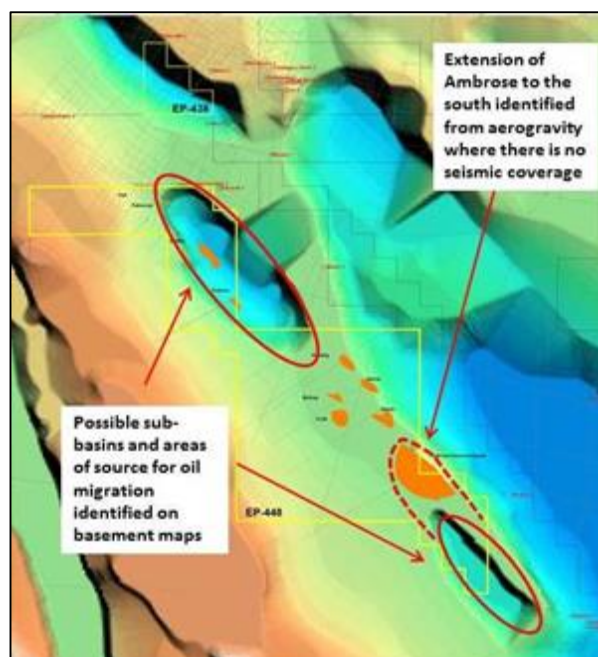
Personnel will be dropped at each grid location spaced 1 kilometre apart to take soil profile samples across a 200 kilometre area. This component of the Survey is anticipated to take at least 3 days.

Regional Prospectivity

Review of Goldwyer and Bongabinni formation data indicates that both formations could act as reservoirs for oil as well as a source oil into fractured Nita carbonates in between these two source rocks. This concept has led to the development of the Ambrose Prospect and such a play is analogous to the liquids rich Bakken play in North America where oil charged carbonates can become over pressured and highly productive.

Integration of regional aeromagnetic and aerogravity data indicates that there are two low areas or “source kitchens” within the permit. The area to the south is interpreted to be in an area where restricted marine conditions could possibly develop resulting in anoxic conditions and elevated concentrations of organic matter.

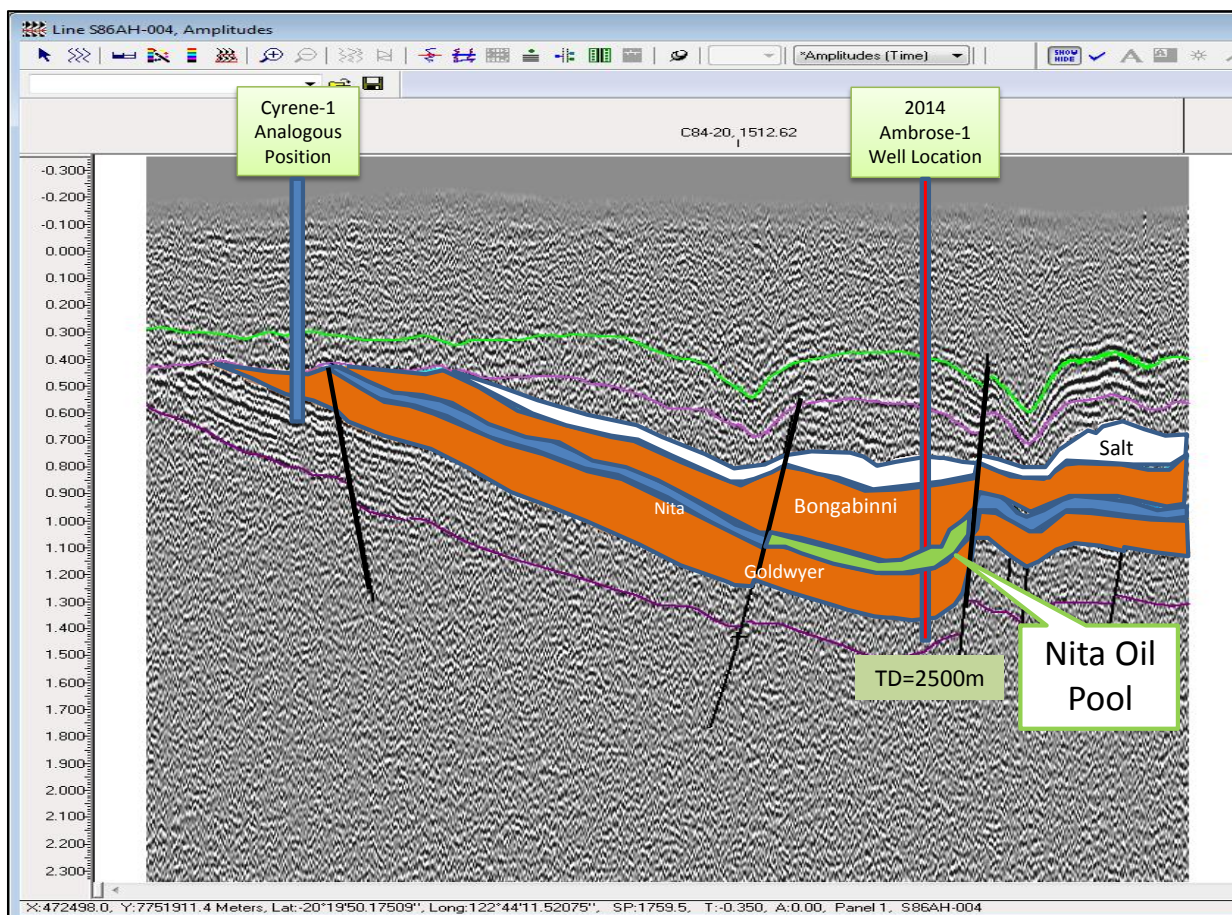
This type of source rock development is characteristic in large North American shale plays. This same low could also be a possible extension of the large Ambrose play and the geochemical survey has now been extended to cover this area of the permit.



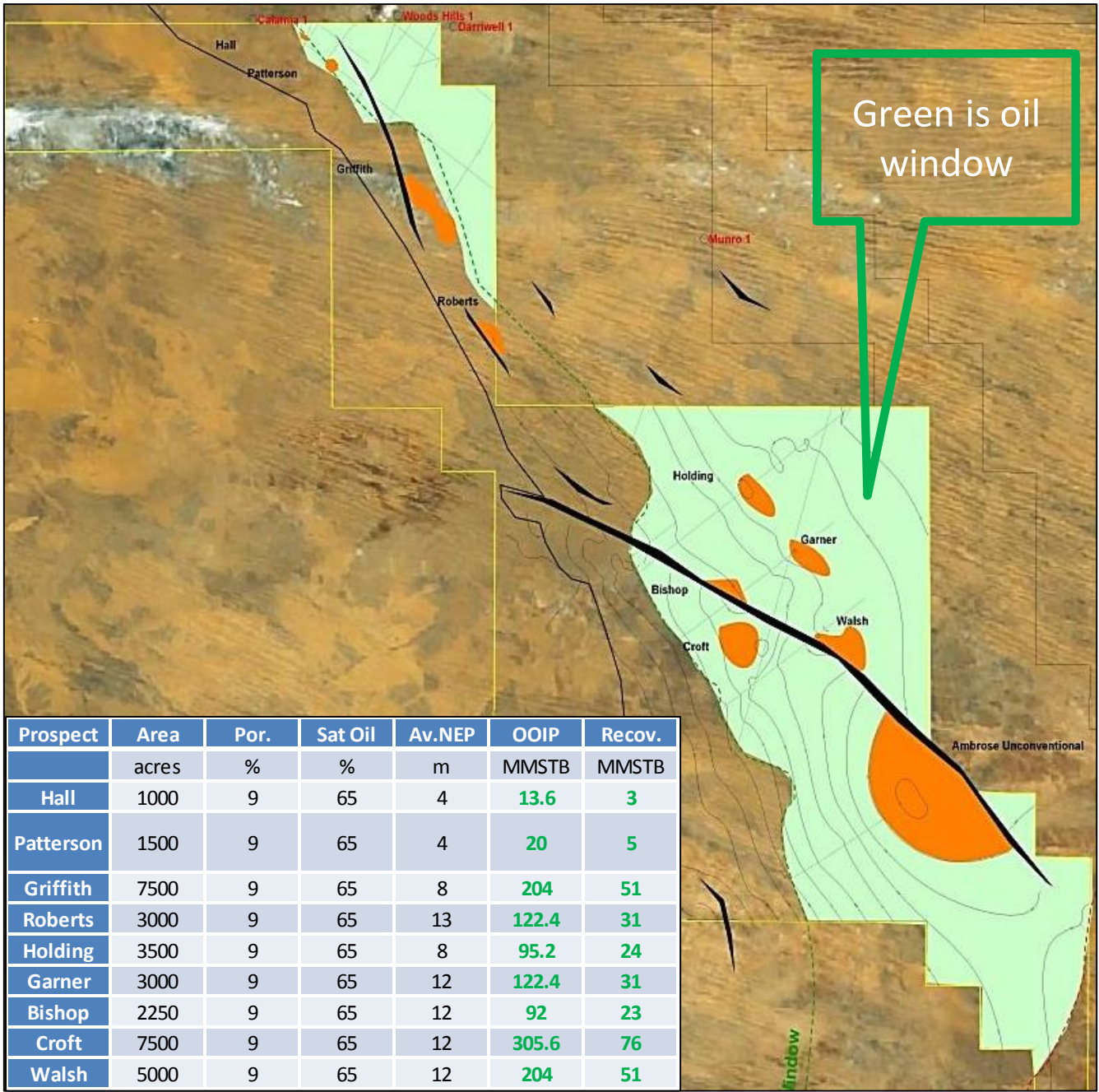
Two sub-basins or source kitchens on trend with currently mapped prospects and leads have been interpreted from aeromagnetic and aerogravity data. The best oil shows in the Canning Basin have come from wells in the Admiral Bay Fault Zone to the north of EP 448 which are thought to be sourced from the high TOC Bongabinni Formation.

Ambrose Prospect

- Cyrene-1 well drilled and operated by Key in the Broome Arch area of the Canning Basin recently indicated the Goldwyer Shale is in the oil generating window, with the analogous position of Cyrene-1 sitting on the western edge of Ambrose
- Cyrene-1 showed good hydrocarbon oil shows (continuous), with readings up to C6+ and 20 units mud gas in lower part of Goldwyer with a thickness of 120 metres overlaid by lower Grant Formation sediments
- Ambrose Prospect targets Goldwyer and Bongabinni formations with unconventional oil and/or wet gas in conventional Nita limestone reservoir “sandwiched” in-between
- Play type consists of the kerogen rich Goldwyer source rock below that has undergone maturation drive oil expulsion and pressure (lithostatic loading) into Nita carbonates and higher TOC Bongabinni source rocks
- Bounded between two faults (“additional sandwich and stress loading”) with additional top seal of Bongabinni shale and Caribuddy salts
- Maturity modelling indicates mean prospective retained oil in place estimates of 25 million barrels per square kilometre over a very large area with possible extension to the south where area is not covered by seismic



Seismic cross section and prospect concept of the Ambrose Play in EP448 indicating unexpelled oil trapped in Nita carbonates sandwiched between two high TOC source rocks and two faults with additional Caribuddy Salt seal.



Conventional Leads and Mean Prospective Resource Estimates

EP 448 leads in orange on trend with the Ambrose low to the south-east. In-house mapping has identified these leads as being high risk due to the limited seismic coverage over the permit. The mapped Ambrose low could extend much further south based on recently integrated regional data.

EP 104 TREND, CANNING BASIN, WESTERN AUSTRALIA

EP104 (BENEFICIAL INTERESTS)

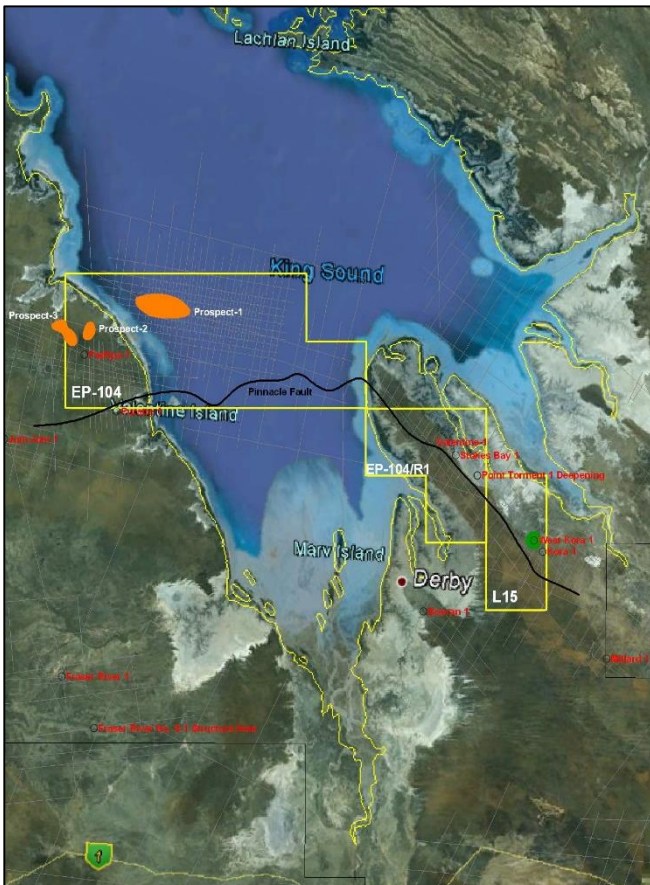
GULLIVER PRODUCTIONS PTY (KEY AS OPERATOR)	53.97%
PANCONTINENTAL OIL AND GAS NL	19.59%
FAR LIMITED	15.67%
INDIGO OIL PTY LTD	10.77%

R1 (BENEFICIAL INTERESTS)

BURU ENERGY LIMITED (OPERATOR)	43.28%
GULLIVER PRODUCTIONS PTY LTD (KEY)	30.61%
PANCONTINENTAL OIL AND GAS NL	11.11%
FAR LIMITED	8.89%
INDIGO OIL PTY LTD	6.11%

L15

BURU ENERGY LIMITED (OPERATOR)	15.50%
GULLIVER PRODUCTIONS PTY LTD (KEY)	49.00%
PANCONTINENTAL OIL AND GAS NL	12.00%
FAR LIMITED	12.00%
INDIGO OIL PTY LTD	11.50%



Location of EP104 consisting of 9 graticular blocks both onshore and offshore

A Sale Agreement has now been executed with Emerald for all of Emerald's Canning Basin interests consisting in EP 104 and R1. Key has been appointed Operator in the EP 104 permit through its subsidiary Gulliver.

Gulliver has mapped the EP 104 area and lodged a renewal application with the DMP for a five year renewal programme on behalf of the joint venture. The submitted renewal programme includes exploration drilling and other exploration techniques for defining additional prospects.

Key undertook discussions with the DMP on behalf of the EP 104 joint venture subsequent to Buru's withdrawal notification in 2012. These discussions continued with the joint venture which has expressed a desire to renew the permit and look for opportunities in this area of the Kimberley at a time when gas demand is strong.

Several leads in EP 104 have been interpreted from the vintage seismic data as part of the EP 104 renewal submission.

Current mapping has defined structural and stratigraphic prospects both onshore and offshore. The joint venture will now await approvals from the DMP of the currently lodged renewal programme.



Currently mapped prospects in EP104 as part of the lodgement of the renewal programme to the DMP

extending from Stokes Bay-1 to Point Torment -1 in R1 and south-east to West Kora-1 and Kora-1 in L15.

There is potential recoverable gas-in-place of 150 billion cubic feet trapped along this trend. These sands are behind casing in Stokes Bay-1 and it is planned to test these sands in the future.

Several leads in EP 104 have been interpreted from vintage seismic as part of the EP 104 renewal submission. Upon acceptance of the renewal programme, the existing vintage seismic will be reprocessed and remapped to determine if additional seismic is required prior to drilling.

The strategic acquisition is in line with the Company strategy rolled out in 2012 with a large equity position in EP 104 and Key obtaining operatorship in order to control costs and preserve the Company's capital base.

Prospect Information

The trend in this area is dominated by a regional dip to the south-west and is interrupted by synthetic and antithetic faults bounding the Precambrian Kimberley Block to the north.

Gas is believed to be in the low stand deltaic sands in the Lower Anderson Formation



Discovery wells Stokes Bay-1 and Point Torment located in R1

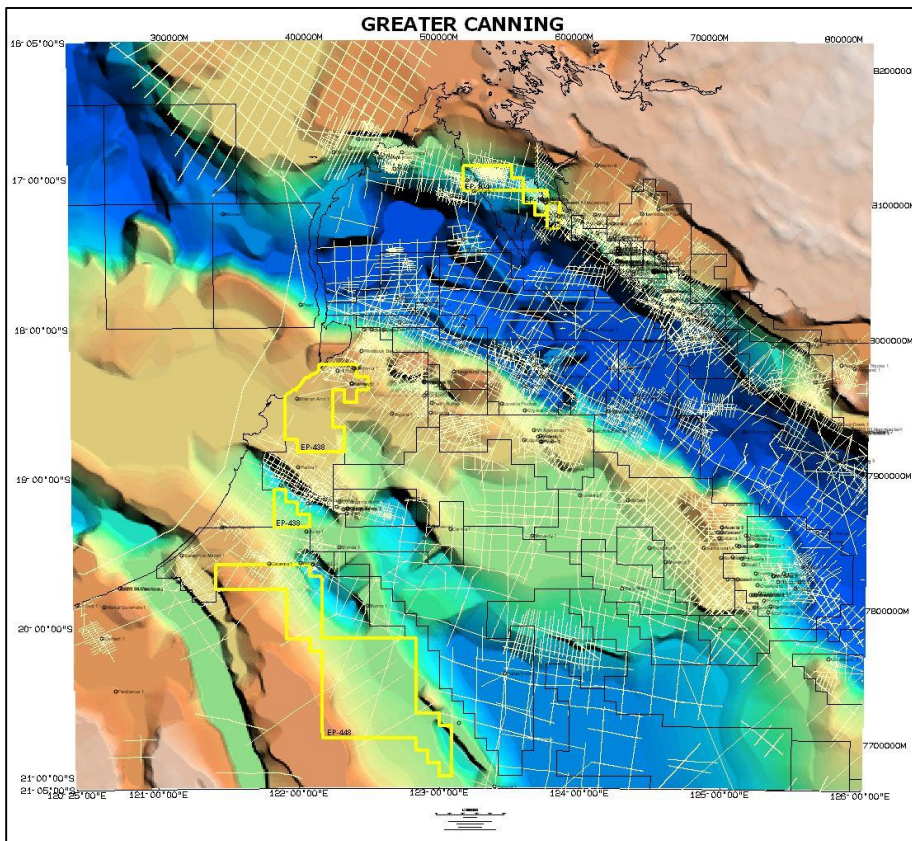
EP 438, CANNING BASIN, WESTERN AUSTRALIA

KEY PETROLEUM LIMITED (Gulliver Productions Pty Ltd)	20.00%
BURU ENERGY LIMITED (OPERATOR)	37.50%
MITSUBISHI CORPORATION (Diamond Resources (Canning) Pty Ltd)	37.50%
INDIGO OIL PTY LTD	5.00%

The EP 438 Cyrene-1 commitment well in the Canning Basin was drilled in February 2013 using DCA Rig 7.

Key, as Operator, drilled the Cyrene-1 well under budget with the Company's financial exposure to the well cost limited to \$320,000. The management team has taken pride in achieving this result demonstrating that Key is a competent operator, carrying out exploration drilling in some of the most oppressive and difficult conditions during the Canning Basin wet season.

During the last quarter, Key discussed with the joint venture the EP 438 renewal programme, which has now been agreed and lodged by the Operator, Buru, on behalf of the EP 438 joint venture.



Since 2005 the exploration work programme has included the interpretation and reprocessing of existing seismic data and the Athos 2D Seismic Survey undertaken in 2011. The Athos 2D Seismic Survey covered 82.77 kilometres within EP 438.

The core data has been used in understanding regional unconventional play types and source rock studies for de-risking other conventional prospects within the EP 438 area.

The data has been pivotal to understanding the nature of the Goldwyer play and has been incorporated into Key's EP 448 geological model.

The EP 438 location is currently divided into two parts over the Broome Arch and Willara Sub-Basin. The acquisition of Goldwyer core has enabled a better understanding of unconventional play types in the area.

EP 437, PERTH BASIN, WESTERN AUSTRALIA

KEY PETROLEUM (AUSTRALIA) PTY LTD	50.00%
EMPIRE OIL COMPANY (WA) LIMITED (OPERATOR)	35.00%
CARACAL EXPLORATION PTY LTD	15.00%

Exploration and drilling of the EP 437 Dunnart-2 well is reliant on approvals from the DMP, settlement with Native Title parties and grant of access to the permit by Landowners.

A second revision of the EP has been lodged in July 2013 with the DMP. A follow up will occur in the next fortnight on any remaining outstanding issues. The Health and Safety programmes have now been officially closed out and the joint venture awaits formal approval from the DMP.

The proposed well is located up-dip from Dunnart-1 and will be drilled to a total depth of 750 metres. Potential mean prospective recoverable reserves are estimated to be in the order of 3-5 million barrels.

Recent remapping and interpretation by the joint venture has identified up to nine prospects within the Bookara Sandstone.

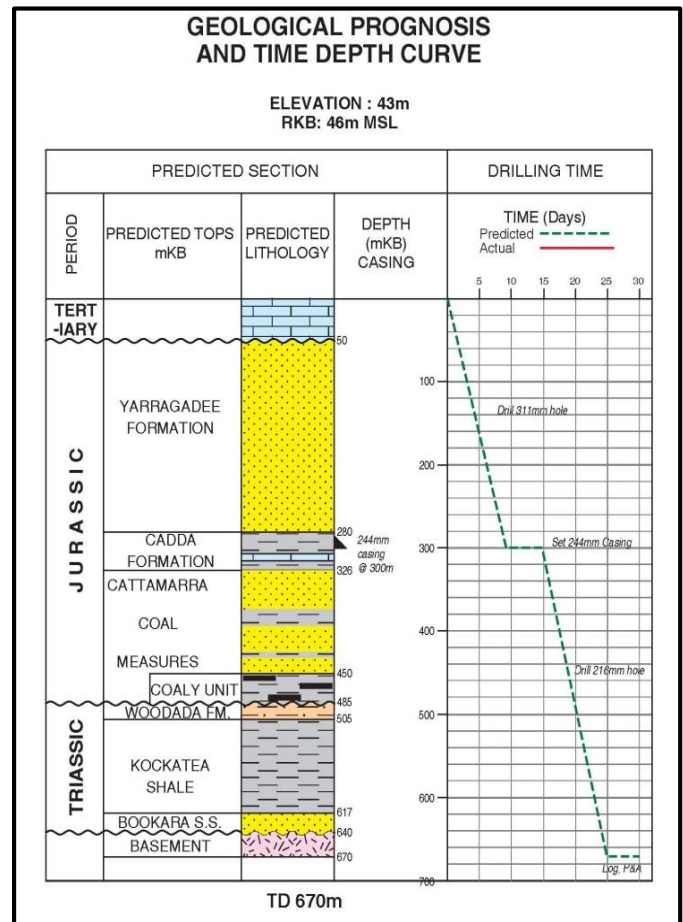
Prospect Information

The Dunnart structure is a seismically defined drillable oil prospect in the onshore North Perth Basin with a tilted fault block defined by seven seismic dip lines and one strike seismic line.

The Dunnart-1 well drilled on this structure encountered elevated methane readings while drilling through the Coaly Unit of the Cattamarra Coal Measures. It recorded excellent oil shows through the Bookara Sandstone but neither of these shows was tested.

The Early Triassic Bookara Sandstone is sealed by thick marine shales of the Kockatea Shale (which are 112 metres thick at Dunnart-1) and sourced by the organic rich shales at the base of the Kockatea Shale.

The main source rocks are the marine shales in the basal part of the Kockatea Shale which is one of the major oil prone rocks in the North Perth Basin. The basal Kockatea Shale is up to 50 metres thick on the downthrown side of the Allanooka Fault and is interpreted to be in the oil generation window.



OTHER BUSINESS

Key has not received further funds equivalent to £90,000 owed by Angus Energy for the UK asset sale as was agreed by both parties in July, 2012. Key is now seeking legal advice in relation to this matter as the Company views that non-payment as material and is in violation of the agreed and executed Sale Agreement between both parties.

The Company has now reduced overheads to \$250,000 per quarter over the last two quarters with virtually all of the work relating to DMP compliance and technical carried out in-house by Mr Paton and Mr Marshall. The largest overhead for Key is the liquidation of Puma Petroleum Srl, the Company's subsidiary in Italy, which involves extensive accounting and legal fees. The Board has now appointed law firm DLA Piper in Milan to expedite this matter to its ultimate conclusion and waive the permits Puma has title to. Until Puma comes off the title for the Borsano and West Sardinia permits it cannot proceed through liquidation as these are construed as assets on the subsidiary's balance sheet.

Commenting on the quarter and activities going forward Managing Director, Kane Marshall, stated:

"There has been a lot going on behind the scenes at Key and we appreciate the patience of shareholders whilst we work diligently towards our goals outlined at last year's AGM.

"Exploration approvals in Western Australia are lengthy and time consuming. Securing the right commercial opportunities takes some time due to the strict opportunity criteria we outlined last year to shareholders. In saying that, Key is now in an enviable position, operating in two quality permits over a large area with high equity positions in all of Key's permits. The permits are all in proven petroleum provinces and the Company has a strategic plan to commercialise any oil or gas discovery.

"Planning is underway for exploration drilling in 2013 and 2014 and with \$3.5 million dollars in cash the Company has sufficient capital to meet immediate exploration commitments and identify further new venture opportunities. With the improvement in equity markets in the energy sector, shareholders will no doubt be excited and waiting in anticipation for some more news in the coming months around the Company's exploration campaigns and commercial opportunities. The board certainly looks forward to providing further news in due course. "

KANE MARSHALL

BSc (Geology), BCom (Inv & Corp Fin), Masters PetEng, AAPG, SPE, PESGB, SPWLA
MANAGING DIRECTOR



Dated: 30 July, 2013
Perth, Western Australia

COMPETENT PERSONS STATEMENT

Information in this ASX Release relates to exploration data and results that are based on information compiled by Mr Kane Marshall who is a full time employee of Key Petroleum Limited. Kane Marshall is a Practising Petroleum Engineer and Geologist who holds a BSc (Geology), BCom (Inv & Corp Fin) and Masters in Petroleum Engineering.



GLOSSARY

LNG	Liquefied Natural Gas
STOIP	Stock Tank Oil Initially In Place
TOC	Total Organic Content
EP	Environment Plan

DISCLAIMER

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.

Prospective oil in place and recoverable reserve estimates have been made under the Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS). Mr Paton and Mr Marshall have compiled the information in this release as Practicing Petroleum Engineers and Geoscientists and consent to the release of the information. The Company is compliant with recent listing rule changes for reporting of estimates as defined in Chapter 5 of the ASX Listing Rules.

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 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 Ltd'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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Key Petroleum Limited

ABN

50 120 580 618

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12months) \$A'000
1.1 Receipts from product sales and related debtors	119	212
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(430) - - (249)	(933) - (72) (1,351)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	38	108
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(522)	(2,036)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (8)	- - (25)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- 459 -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	(6)
Net investing cash flows	(8)	428
1.13 Total operating and investing cash flows (carried forward)	(530)	(1,608)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(530)	(1,608)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	3,988
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(264)
	Net financing cash flows	-	3,724
	Net increase (decrease) in cash held	(530)	2,116
1.20	Cash at beginning of quarter/year to date	4,115	1,461
1.21	Exchange rate adjustments to item 1.20	(20)	(12)
1.22	Cash at end of quarter	3,565	3,565

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	181
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	650
4.2 Development	-
4.3 Production	-
4.4 Administration	250
Total	900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	339	924
5.2 Deposits at call	3,226	3,191
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,565	4,115

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	450,509,417	450,509,417	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities (description)			

+ See chapter 19 for defined terms.


Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	500,000	-	2.5 cents	12 March 2017	
	2,000,000	-	4.4 cents	6 August 2017	
	2,000,000	-	5.2 cents	6 August 2017	
	7,000,000	-	5.5 cents	6 August 2017	
	2,000,000	-	5.9 cents	6 August 2017	
	7,000,000	-	6.4 cents	6 August 2017	
	7,000,000	-	7.4 cents	6 August 2017	
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Rights			<i>Classification</i>	
	3,250,000	-	Performance Rights A		
	3,250,000	-	Performance Rights B		
7.12	Issued during quarter				
7.13	Exercised during quarter				
7.14	Expired/cancelled during quarter				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here: Date: 29 July 2013

 Managing Director

Print name: **John Lloyd Kane Marshall**

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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