

30 August 2019

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

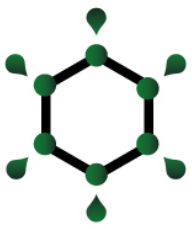
**PERTH BASIN UPDATE**

Key Petroleum Limited attaches herewith an ASX Announcement pertaining to its Perth Basin projects in light of the most recent West Errregulla-2 well result which is south and east of Key's permits.

Regards

A handwritten signature in black ink that reads "I. Gregory". The signature is stylized and includes a large loop at the end.

**IAN GREGORY**  
Company Secretary  
Key Petroleum Limited



ASX Announcement

30 August 2019

## PERTH BASIN UPDATE

Key Petroleum Limited (“Key” or “Company”), is pleased to provide an update on its preliminary work on the Kingea/High Cliff sandstone play, analogous to the Waitsia Gas Field and the most recent discovery by Strike Energy Limited and Warrego Energy Limited at West Erregulla-2. The Waitsia and West Erregulla Fields sit immediately south and east of Key’s permits.

The most recent report from West Erregulla-2 suggests a “staggering” gas discovery within the Kingea Sandstone with a gross gas column of at least 97 metres incorporating several high quality clean porous sand units. This is in addition to the previous reports of gas pay in shallower intervals of the Permian sequence.

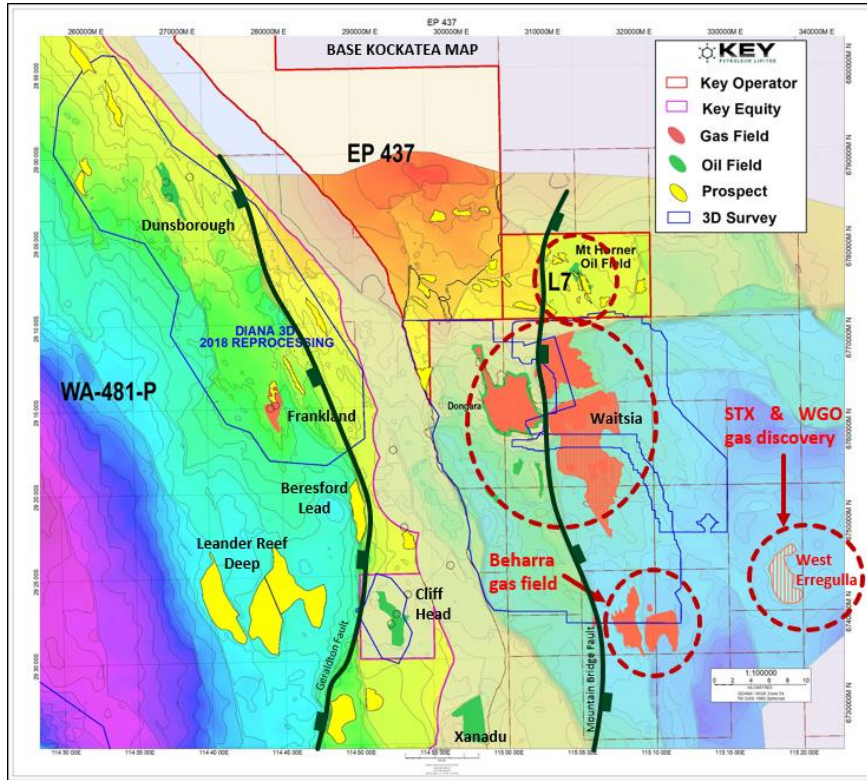
A review of offshore and onshore wells in the northern Perth Basin suggests the reservoir prospective fairway is regionally extensive. The process of identifying several leads within Key’s portfolio includes a review of work undertaken by the previous operators in the offshore WA-481-P permit, which has revealed analogous leads identified some time ago.

The Kingia and High Cliff sequences are the primary reservoirs within the Waitsia Gas Field and are also expected to be at the same primary intervals within the Parce Prospect and other prospects within the southern areas of Key’s EP 437 and L7 permits.

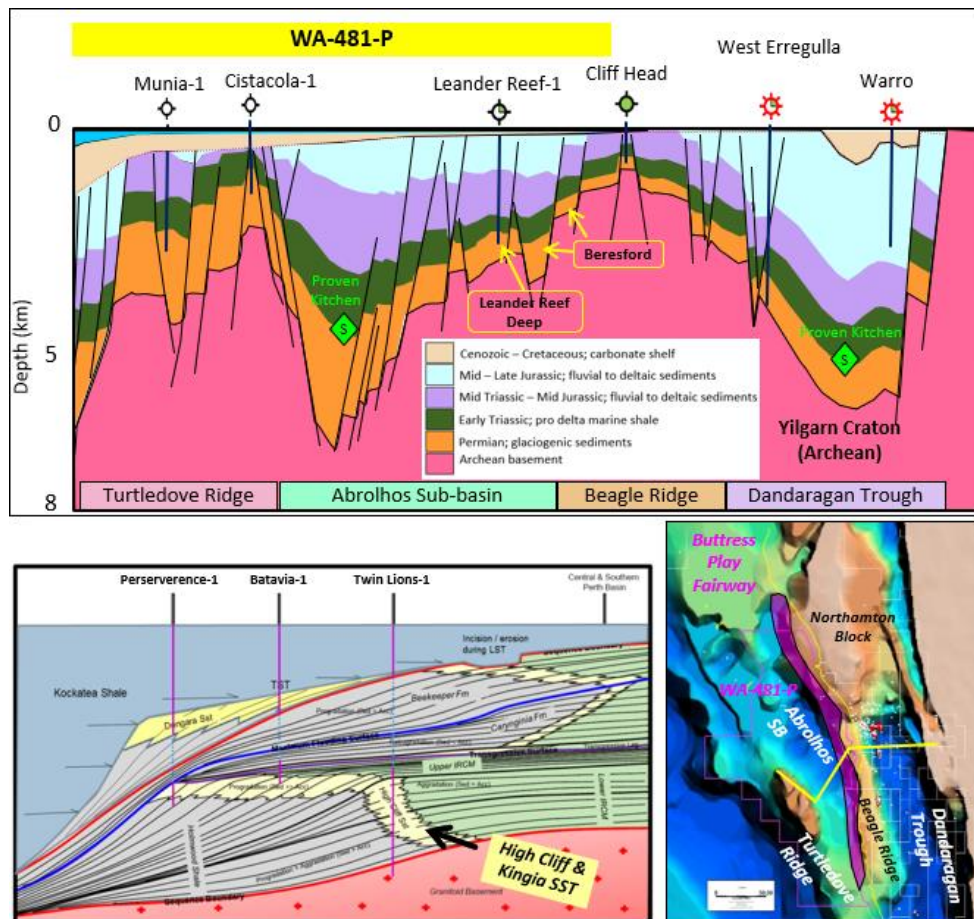
Matters of interest include:

- Reservoir parameters are exceptional in well penetrations on the Bookara Shelf, with petrophysical determinations in the order of 20 – 25% average porosity.
- Most notably in the Mount Horner area of L7 oil shows in the Permian reservoirs of the first wells in the high side closure were never followed up.
- Key has mapped a number of Waitsia style leads in a similar structural setting to that of Waitsia. Key also believes that the low side closure directly under Mount Horner has significant potential to deliver similar results to the discoveries immediately on trend.
- The planned 3D seismic over Mount Horner is expected to offer a considerable uplift in resource potential for the area, with a much higher oil and condensate yield due to the natural fractionation of hydrocarbons on the shallower northern flank of the Bookara Shelf away from the Basin centred gas to the south.

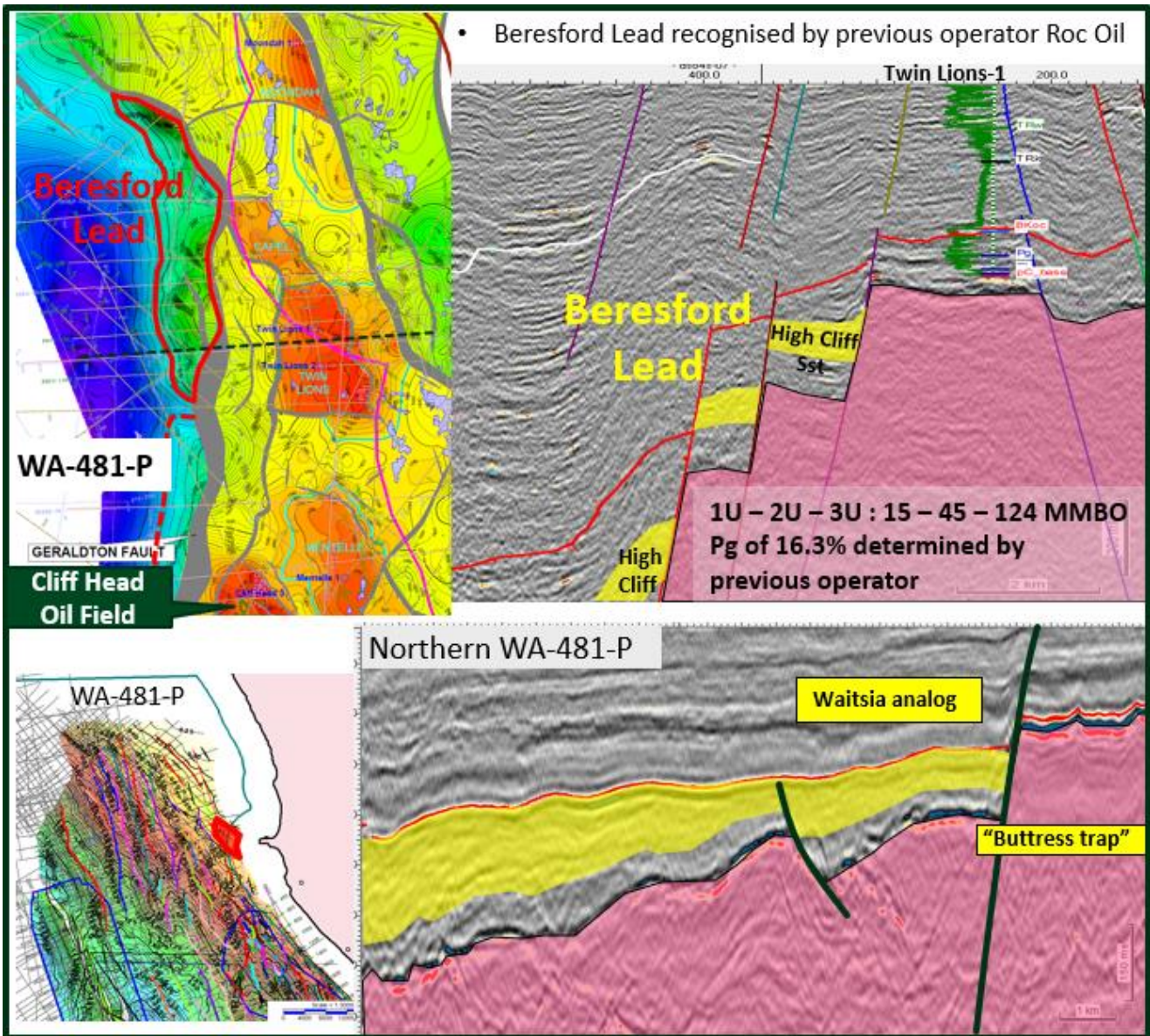
Key will keep the market fully informed as to the relevance of other Operator’s activities in the Perth Basin together with its own activities in due course.



Key's Perth Basin acreage holding in relation to Waitsia, Dongara, West Erregulla and Beharra Fields

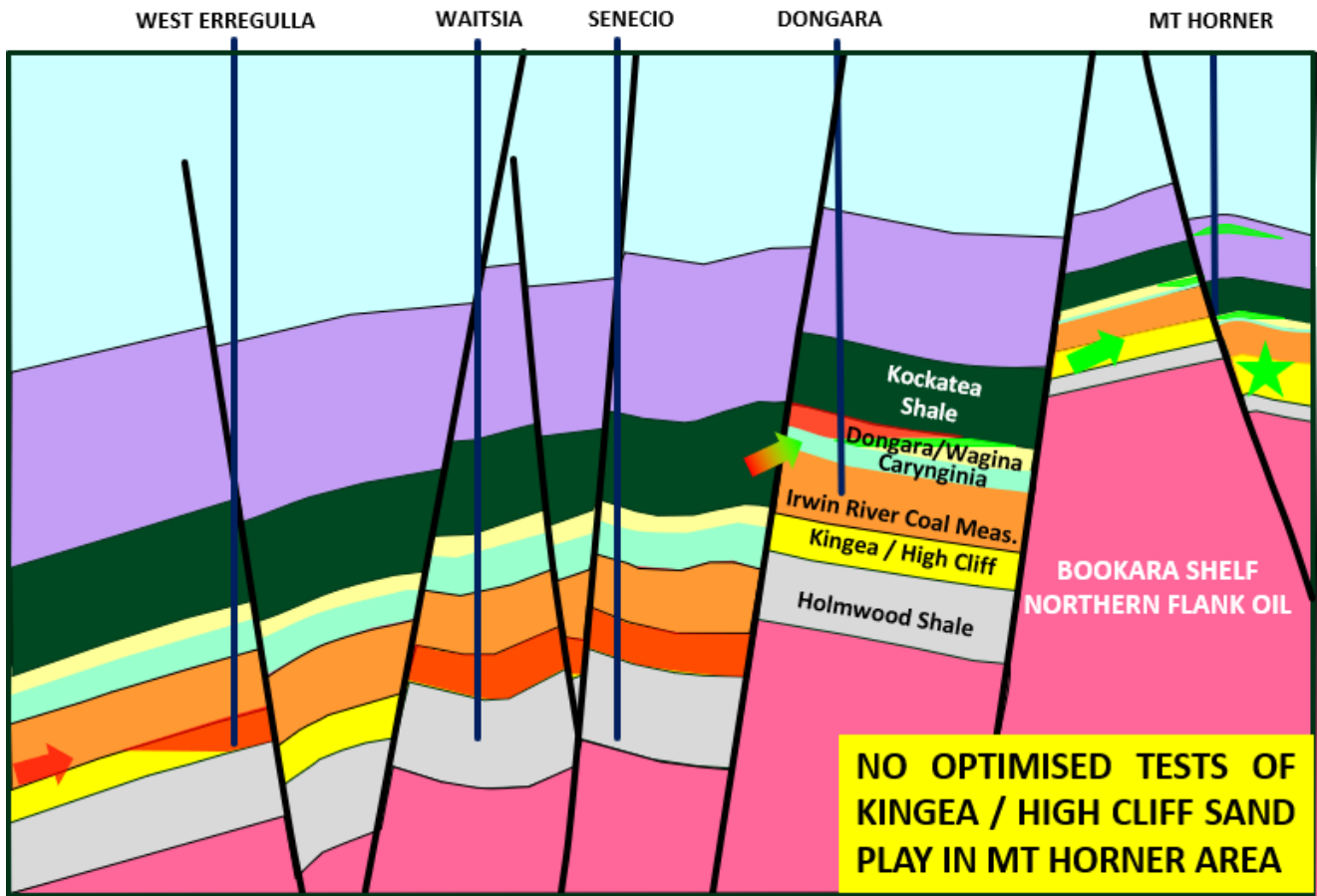


Schematic geological section offshore – Onshore Northern Perth Basin



*Examples of offshore leads identified by previous operators in the area of WA-481-P*

- Waitsia, Senecio, Synaphea/Irwin discoveries have added 700 Bcf 2P+2C resources.
- Waitsia-1 (2014) flowed 25MMscf/d from the Kingia Formation and 25MMscf/d from High Cliff Sandstone.
- West Erregulla-2 (2019) has proven regional significance of deeper Permian play.
- Excellent reservoir properties in equivalent section widespread across northern Perth Basin, with porosity ranges averaging in low to mid 20% range.



*L7 prospectivity updip, and on trend from Waitsia, Dongara and West Erregulla Fields*

For more information please contact:

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**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 announcement 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), Petroleum Exploration Society of Australia (PESA), South East Asia Petroleum Exploration Society (SEAPEX) and Society of Petrophysicists and Well Log Analysts (SPWLA) and has over 20 years of relevant experience. Mr Marshall consents to the inclusion of the information in this document.*