

KEY

PETROLEUM LIMITED

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13 October 2017

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

Dear Sir/Madam

Execution of a Sale and Purchase Agreement for the Acquisition of L7 (R1), Onshore Perth Basin with AWE
Perth Pty Ltd

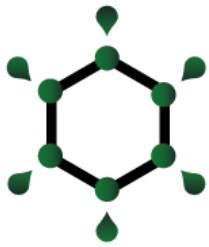
We attach herewith an ASX Announcement for Investors pertaining to the execution of a Sale and Purchase Agreement between Key Petroleum (Australia) Pty Ltd, a wholly owned subsidiary of Key Petroleum Limited and AWE Perth Pty Ltd, a wholly owned subsidiary of AWE Limited, for acquisition of the Production Licence L7, containing the Mount Horner Oil Field in the onshore Perth Basin.

Regards

IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED



ACN 120 580 618



ASX Announcement

ASX:KEY

Execution of a Sale and Purchase Agreement for the Acquisition of L7 (R1) Onshore Perth Basin

Key Petroleum (Australia) Pty Limited ("Key") (a wholly owned subsidiary of Key Petroleum Limited) is pleased to announce that subsequent to the agreement of binding terms for the acquisition of AWE Perth Pty Limited's ("AWE") (a wholly owned subsidiary of AWE Limited) 100% interest in Production Licence L7 (R1) ("L7"), located in the onshore Perth Basin, the Sale and Purchase Agreement has now been executed by all the parties.

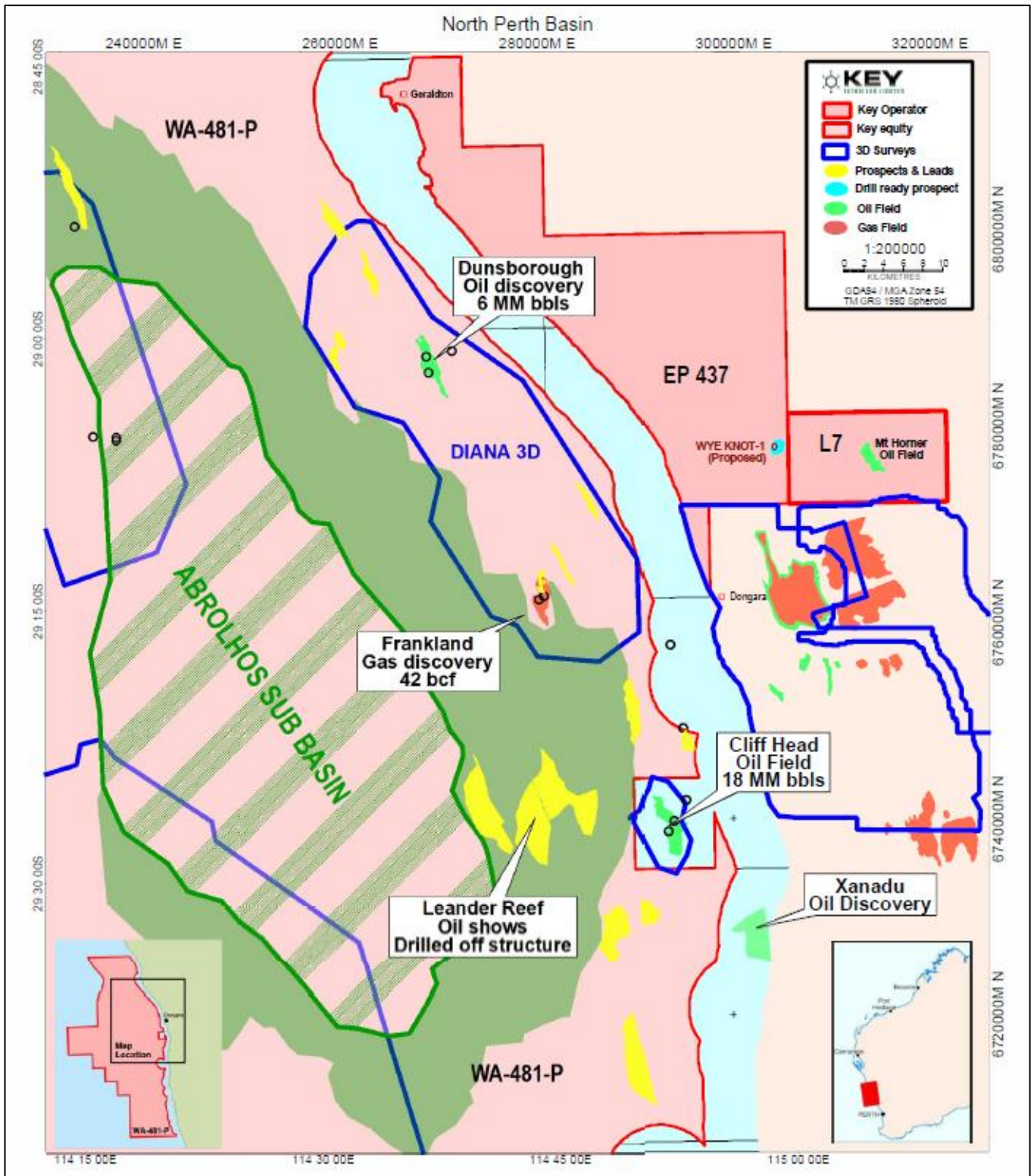
Terms of the L7 Sale and Purchase Agreement include:

- ◆ An upfront payment to Key of AU\$0.38m from AWE upon completion of the sale;
- ◆ Reimbursement of L7 rehabilitation costs up to an agreed amount of AU\$1.9m; and
- ◆ Key Australia will assume operatorship of L7 and all associated liabilities post completion of the sale.

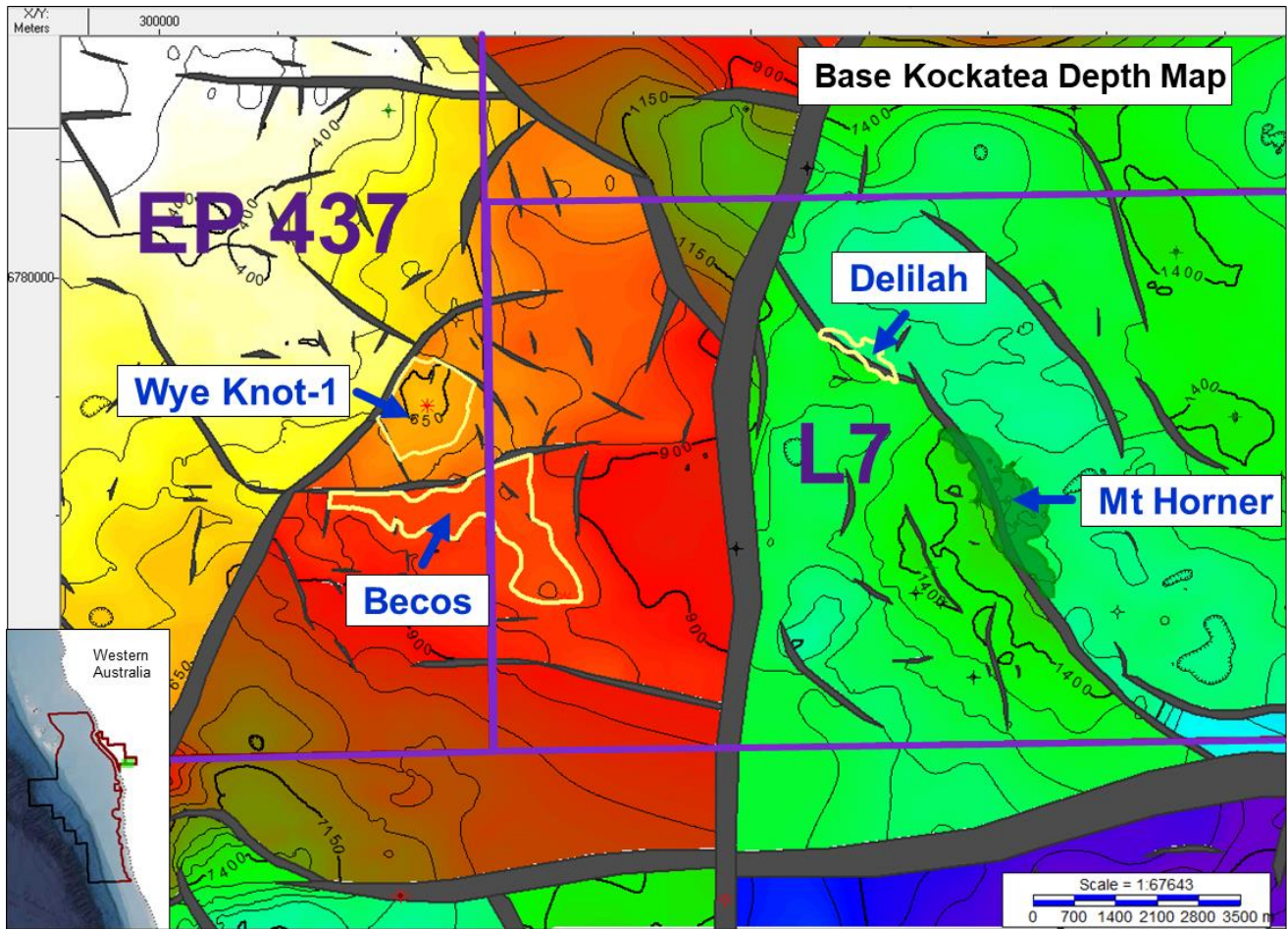
Commenting on the transaction, Key Managing Director, Kane Marshall said, "Key is delighted to have executed this agreement to acquire L7, with a proven producible oil pool and material exploration upside which is consistent with our portfolio approach. Recently we have re-mapped the northern part of the Perth Basin and have not only identified prospectivity along trend from the Mount Horner Oil Field, but also identified a much larger case for the undrilled Becos prospect down-dip from our current drillable Wye Knot prospect in EP437 and on trend from the Dongara Oil Field spills into the adjoining L7 permit. This acquisition provides Key with not only flexibility to commercialise possible future discoveries in the EP437 and L7 areas but potentially revisit an area in L7 with no work program commitments where oil has been recovered from several wells but with little exploration activity for a number of years".

IAN GREGORY
COMPANY SECRETARY

Dated: 13 October 2017
Perth, Western Australia



Location of L7 (R1) within the Key Perth Basin acreage holding (WA-481-P, EP437 and L7)



Location of L7 (R1) in the onshore Perth Basin including the known Mt Horner Oil Field and the mapped Becos Prospect down-dip of Wye Knot that spills into L7