

KEY
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3 November 2017

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

Dear Sir/Madam

Completion of Cooper Eromanga Basin Transaction

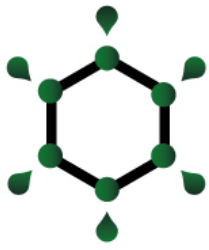
We attach herewith an ASX Announcement for Investors pertaining to the completion of the acquisition of ATP 783, 920 and 924 in the Cooper Eromanga Basin in Queensland.

Regards

IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED



ACN 120 580 618



ASX Announcement

ASX:KEY

Completion of Cooper Eromanga Basin Transaction

Key Cooper Basin Pty Limited ("Key"), a wholly owned subsidiary of Key Petroleum Limited, is pleased to announce that subsequent to the agreement to acquire ATP 783, 920 and 924 from Beach Energy Limited, Key has now received notification from the Department of Natural Resources and Mines ("DNRM") that transfer of these titles has been finalised.

Key will now initiate discussions with DNRM in relation to the future ATP work programs. The principal focus of the discussions with DNRM will be around Key's strategy with regard to the Permian Gas Fairway which is interpreted to fall within each of ATP 920 and 924 and the importance of exploration for conventional gas in this fairway in the context of the Federal Government's recently announced National Energy Guarantee policy. This policy will see more base load electricity generation from gas due to the significant shortfall in the current east coast gas market.

Key considers that the Cooper Eromanga Basin in Queensland has been significantly underexplored despite evidence of Permian gas generation and migration from the central part of the basin to the east of Key's northern Cooper Basin acreage. This acreage position also lies directly adjacent to the Barolka Gas Pipeline and gas shows were identified in both exploration wells Gilpeppee-2 and Maroochydoore-1 indicating that the Permian gas fairway extends from the central part of the basin west into Key acreage. This fairway includes Whanto-1 which flowed gas at 3.8 mmscf/d, the Marengo Gas Field, the Mount Howett Gas Field, and more recently the basin centred Windorah Gas Project operated by Real Energy. Key's preliminary mapping from seismic has identified conventional gas potential in this fairway within Key acreage that is very encouraging, given that any future gas resource has a direct route to commercialisation via a defined east coast gas market and established infrastructure. In addition to the identified preliminary gas potential, Key has also identified potential for oil that may be on trend from existing discoveries such as Bodalla, Inland and the Cook areas.

Commenting on the addition of the Cooper Eromanga Basin assets to the Company's portfolio, Key Managing Director, Kane Marshall said, "We are beginning to see a change in sentiment in oil markets and this acquisition puts Key in an enviable position heading into 2018. Combined with our interests in WA-481-P and L7 we believe significant value can be achieved through the potential material exposure to the east coast gas market".

Schematics of the Permian gas fairway and a summary of the ATPs are provided overleaf.

IAN GREGORY
COMPANY SECRETARY

Dated: 3 November 2017
Perth, Western Australia



ATP SUMMARY

ATP 924

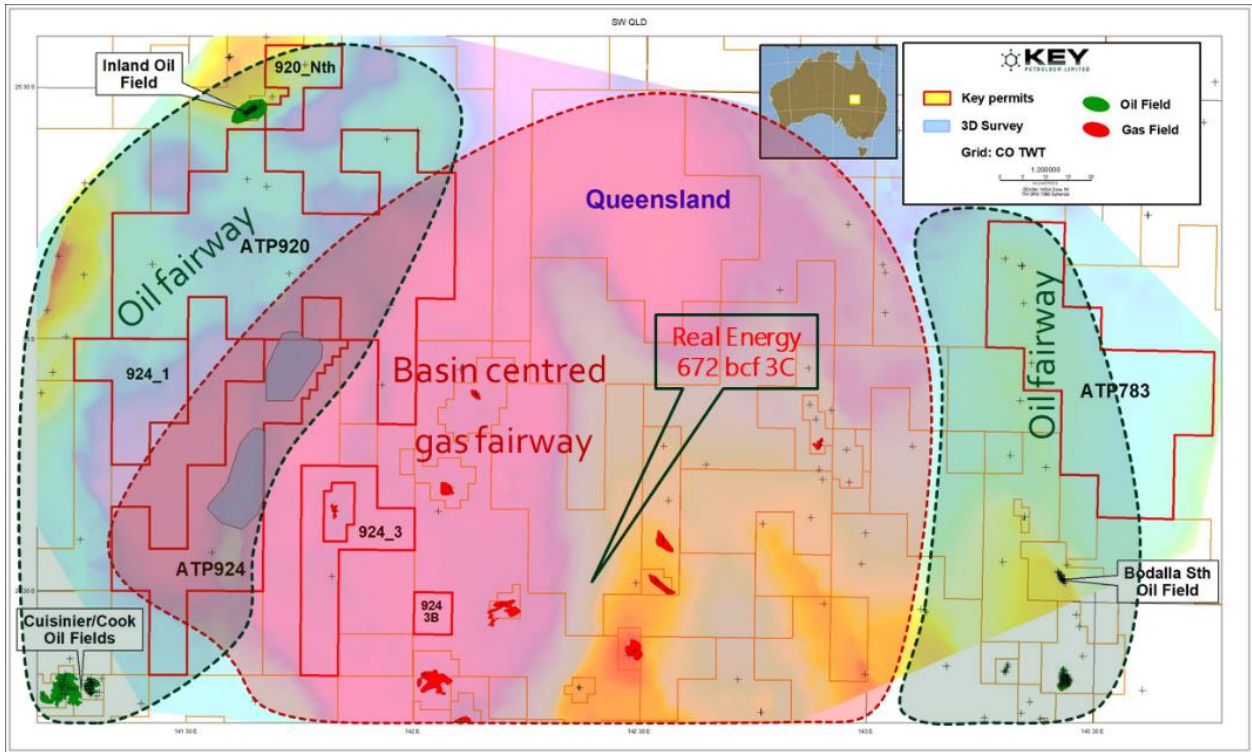
- ◆ The most recent exploration activities undertaken in the region are the Taj and Hurrion 3D seismic surveys and several 2D seismic surveys which subsequently resulted in the drilling of Maroochydoore-1 well which yielded gas shows;
- ◆ Captures a large part of the north-west Eromanga (Inland – Cook) Oil Fairway;
- ◆ Excised Marengo and nearby Barrolka gas fields. Permian ‘basin centred’ gas fairway with potential for large prospective resources. Importantly the basin centred gas play to the west extends into this area of the Cooper Eromanga Basin and is interpreted to be a conventional gas play that is trapped structurally and stratigraphically in this northern extent of the basin;
- ◆ The Permian play fairway (depicted below) also includes the Mount Howett Gas Field operated by Santos south-east of Whanto-1;
- ◆ Whanto-1 flowed at 3.8 mmsc/fd from the Permian which extends to Marengo South-1 and then into Gilpepee-2 and to Maroochydoore-1 lying in ATP 924; and
- ◆ Gas shows were encountered at Gilpepee-2 in ATP 924 and better reservoir or other technologies could commercialise gas discoveries in this area.

ATP 920

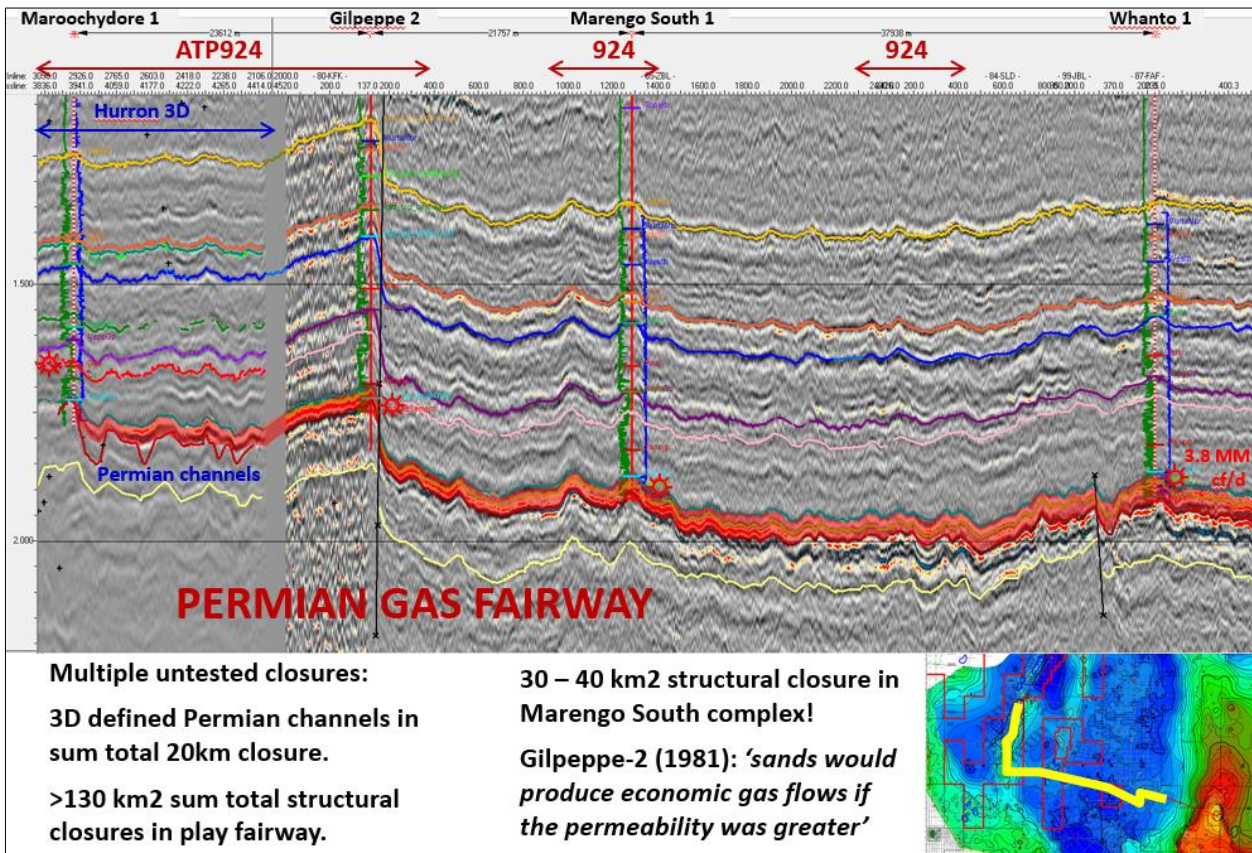
- ◆ Overlies the north-west edge of the Jurassic Eromanga (Inland – Cook) oil fairway;
- ◆ Near field exploration potential to producing Inland Oil Field (adjacent to the northern block boundary);
- ◆ Four local wells (Tanbar North-1, Cuddapan-1, Morney-2 and 3) have recovered oil on test; and
- ◆ Preliminary work has identified that the Permian gas fairway could extend into south-eastern part of block.

ATP 783

- ◆ Captures a significant portion of the Eromanga ‘Eastern Flank’ oil fairway;
- ◆ Oil recovered on test from four local exploration wells in the area both within and around ATP 783, including wells Earlstoun-1, Chandos-1, Cumbroo-1, Cooloo-1 with material up-dip potential identified; and
- ◆ Near commercial oil fields are Byrock (12km south-west), Bargie (17km south-east), Bodalla South (25km south) and Bunaya Gas field (50km south-west).



ATP 783, 920 and 924 located in the Cooper Eromanga Basin near oil and gas infrastructure as well as known discovered oil and gas fields



Composite seismic section (yellow line to the right) through key wells in southern Permian gas fairway (orange)