

13 September 2018

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

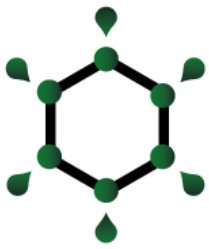
CONDITION PRECEDENTS MET FOR ACQUISITION OF L7 (R1) - MOUNT HORNER OIL FIELD

Key Petroleum Limited attaches herewith ASX Announcement pertaining to the acquisition of Production Licence L7 from AWE Perth Pty Ltd.

Regards



IAN GREGORY
Company Secretary
Key Petroleum Limited



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ASX Announcement

13 September 2018

CONDITIONS PRECEDENT MET FOR ACQUISITION OF L7 (R1)

MOUNT HORNER OIL FIELD

Key Petroleum Limited is pleased to advise that all conditions precedent contained in the Sale and Purchase Agreement (“SPA”) for the acquisition of Production Licence L7 (R1) by Key Petroleum Limited wholly owned subsidiary, Key Petroleum (Australia) Pty Ltd (“Key” or the “Company”), from AWE (Perth) Pty Ltd (“AWE”) have now either been met or waived. In accordance with the conditions precedent the Department of Mines, Industry Regulation and Safety Transfer of Title and execution of Compensation Agreements with the Landowner have also been finalised.

The original terms of the SPA included:

- An amount of AU\$380,000 payable to Key by AWE upon completion of the sale;
- AWE to reimburse Key for L7 rehabilitation costs up to an agreed amount of AU\$1.9 million; and
- Key to assume operatorship of L7 and all associated liabilities post completion of the sale.

Completion of the transaction between Key and AWE will take place as at 27 September 2018.

Commenting on the transaction, Managing Director, Kane Marshall stated: *“In anticipation of completion the Company has commenced commercial and strategic initiatives to both reinvigorate the Mount Horner Oil Field and address the underexplored potential of the mapped Permian and Triassic prospects in our Northern Perth Basin acreage portfolio. We are very excited about the L7 acquisition and expect Key shareholders to see positive sentiment around the transaction with the expected capital flow back into the Australian oil and gas sector.”*

For more information please contact:

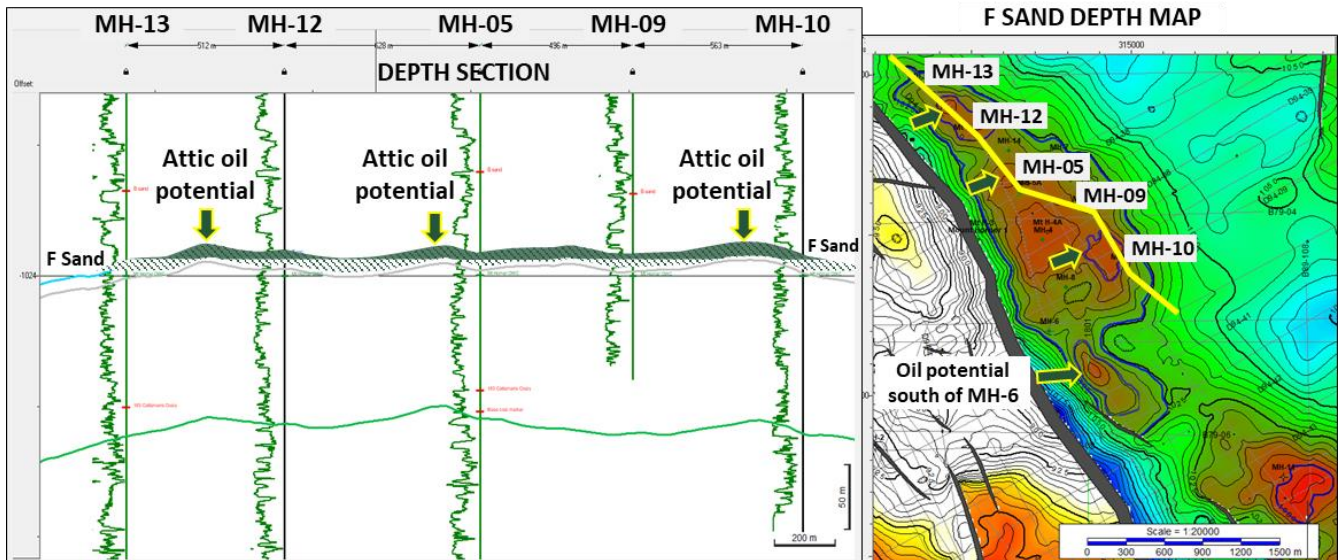
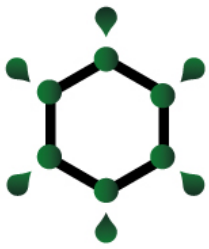
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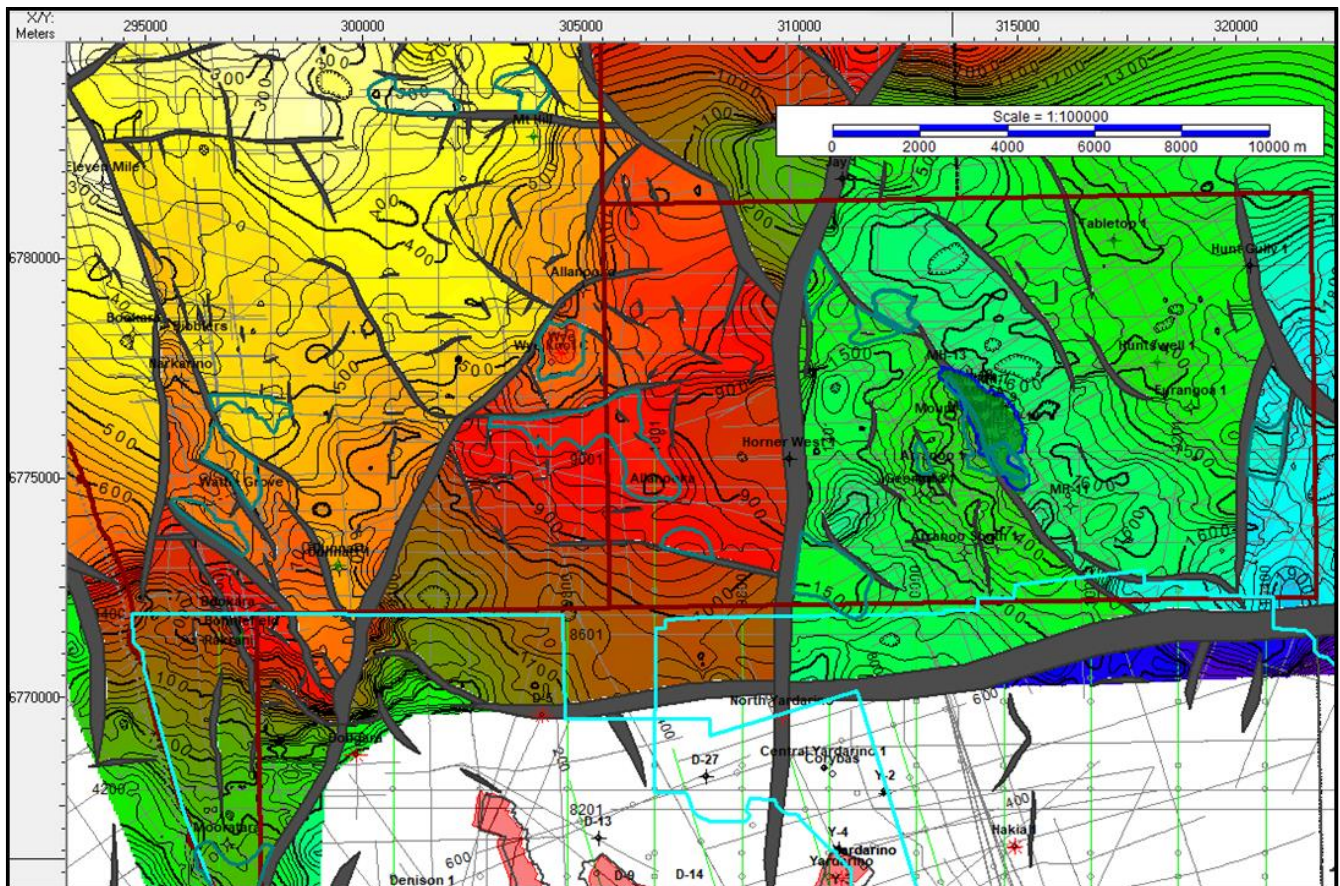
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Mount Horner Cross Section and F Sand Depth Map



EP 437 / L7 Base Kockatea Depth Map