

3 April 2019

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

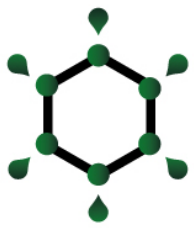
UPDATED MATERIAL OIL TARGETS IDENTIFIED AT CANAWAY RIDGE

Key Petroleum Limited attaches herewith an ASX Announcement pertaining to updated geological work that has identified material oil prospects within Key's ATP 783 Canaway Ridge Project in the Cooper Eromanaga Basin, located along trend from the Bodalla South and Kenmore Oil Fields.

Regards

A handwritten signature in black ink, appearing to read "I. Gregory", with a large, stylized flourish below the name.

IAN GREGORY
Company Secretary
Key Petroleum Limited



ASX Announcement

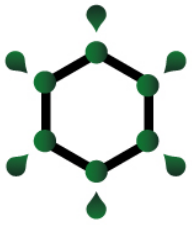
3 April 2019

UPDATED MATERIAL OIL TARGETS IDENTIFIED AT CANAWAY RIDGE

Further to Key's announcement of 20 February 2019, Key Cooper Basin Pty Ltd ("Key" or "Company"), a wholly owned subsidiary of Key Petroleum Limited, is pleased to advise that significant material oil prospects have been identified at Key's 100% owned Canaway Ridge Project located in ATP 783, on the eastern flank of the Cooper Eromanga Basin. Importantly:

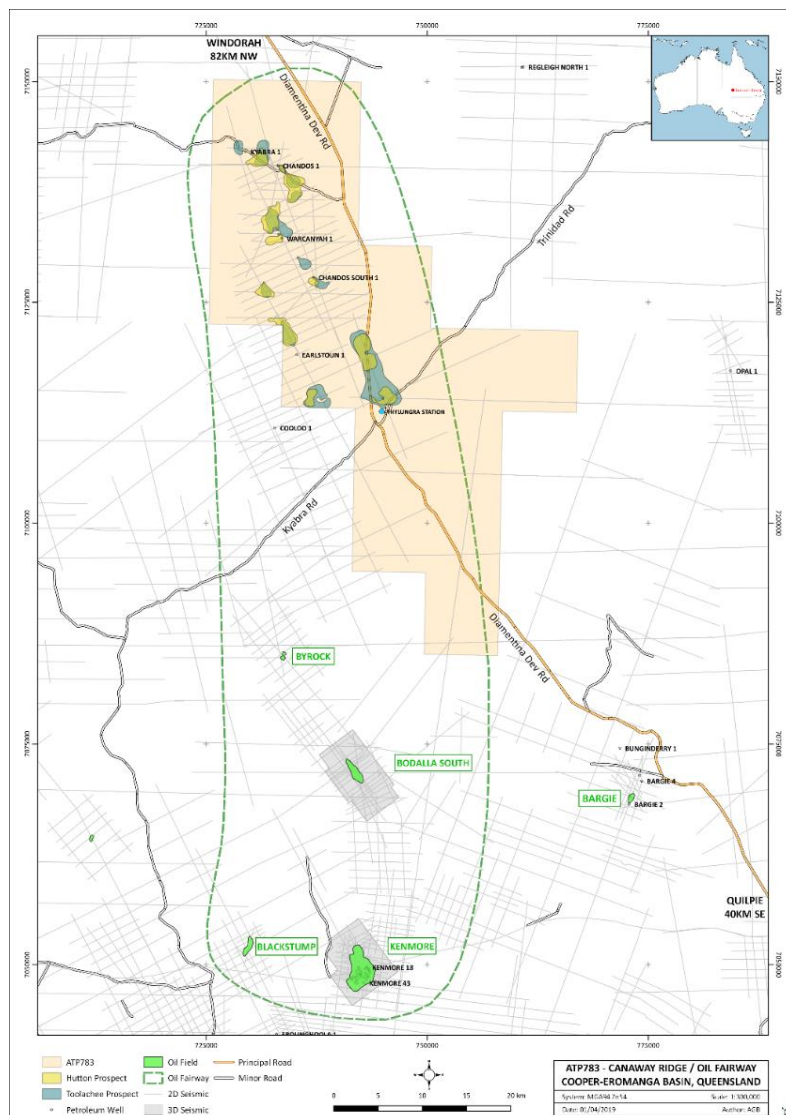
- A minimum of eight (8) prospects all located up-dip or proximal to wells that have recovered oil and have been identified on vintage 2D seismic data that is over 20 years old;
- The prospects lie on the Canaway Ridge trend, a prolific oil producing trend demonstrated by the presence of the producing Bodalla South and Kenmore Oil Fields to the south;
- The prospective resource range for the Canaway Ridge Project is identified in millions of barrels of recoverable oil with the range given as 1U (Low) 7.6 mmbbls, 2U (Best) 26.2 mmbbls, and 3U (High) 50.8 mmbbls;
- The project prospective resource range includes the Crowns prospect, a potential large low relief rollover structure analogous to producing oil fields to the south which has a prospective resource range of 1U (Low) 2.25 mmbbls, 2U (Best) 8.6 mmbbls and 3U (High) 14.6 mmbbls. The prospect has closure at the Jurassic, Triassic and Permian levels with a geological change of success estimated at 18%, and lies nearby to Earlstoun-1 which recovered 0.35 barrels of 40 API oil and 50 barrels of gas condensate mist from a test of the Permian Pattchawarra Formation;
- Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These estimates have both an associated risk of discovery and development. The Canaway Ridge prospectivity includes a range of geological chances of success estimated to be in the range from 16 to 21%, largely based on the existing 2D seismic data coverage reprocessed in 2013. This 2013 reprocessed data is of sufficient enough quality, with high signal to noise ratio to give confidence in the structural closures and therefore the resulting defined prospects. 2019 seismic reprocessing work will include updated modern processing technology and incorporate velocity data from recent wells in the area to better define areas where further seismic acquisition may identify additional prospects not currently identified. After the reprocessing and on ground work is complete the prospects will be re-risked;
- Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (refer Prospective Resource Notes on last page of this announcement for Resource Estimate Determination for the Canaway Ridge project);
- Further Permian gas leads are currently being mapped, including in the area around Earlstoun-1 (condensate mist recovery) and Warcanyah-1 where gas shows were noted during drilling. Work has now been fast tracked on de-risking these Permian gas leads considering the continued strong demand on the east coast; and
- Field work is to commence imminently in the form of ground magnetics and geochemical surveys to assist in de-risking conventional oil and gas prospects.

The Canaway Ridge Project is located in ATP 783, east of Key's ATP 920 and ATP 924 permits and overlies the Jurassic to Cretaceous Eromanga Basin and Permian to Triassic Cooper Basin. Oil has been recovered on test from four (4) local wells in ATP 783. The three (3) commercial oil fields lie in close proximity being Byrock (12 kilometres southwest), Bargie (17 kilometres southeast), Bodalla South (25 kilometres south) and Kenmore (50 kilometres south).

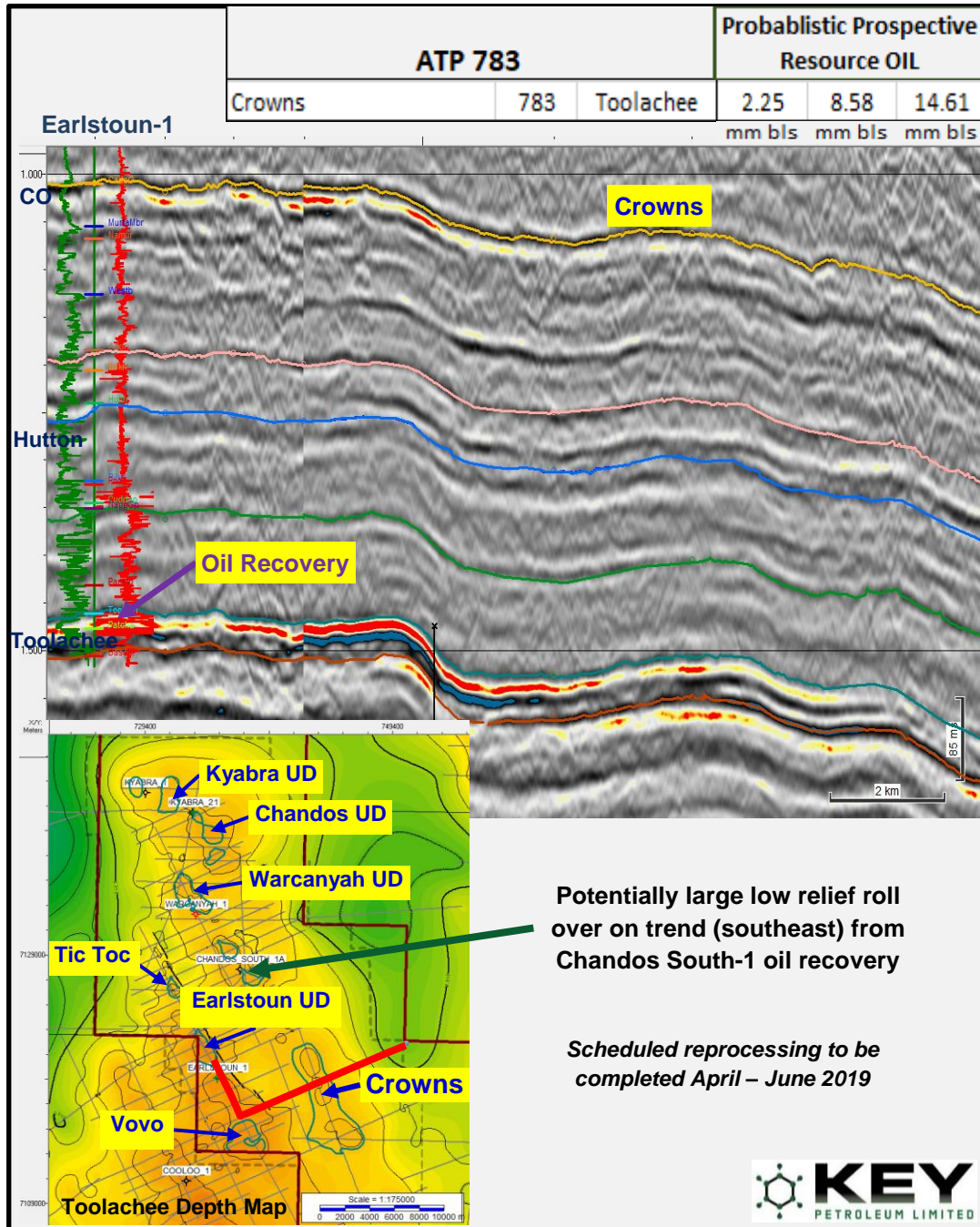
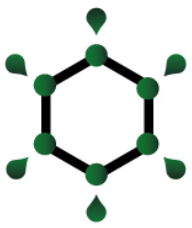


The recent and newly approved work program includes 2D seismic reprocessing, environmental assessments, magnetic and ground geochemical surveys and a pipeline survey. Removed from the work program are two (2) wells and the acquisition of 200 kilometres of 2D seismic. The contract for reprocessing of seismic data across all Key's Cooper Eromanga Basin ATPs was awarded to Earth Signal and Howman Seismic Surveys late in 2018 as part of the Company's drive to expedite the revised worked programs. This reprocessing work is nearing completion for submission to the Department of Natural Resources, Mines and Energy, Queensland as part of the primary work permit term.

Managing Director, Kane Marshall, said, "The Key portfolio is rich with conventional oil and gas prospects and leads which are adjacent to producing oil and gas fields and wells that have previously recovered hydrocarbons. The Canaway Ridge Project is no exception being located approximately 150 kilometres from the Inland Oil Refinery where minimal refining of discovered crude is required for a premium product. The Project area has both conventional oil and gas potential adjacent to established markets in an area that is easily accessible via the Diamantina Development Road. We look forward to the imminent commencement of field work and providing shareholders with progress updates as we mature a number of these prospects to be drill ready."



ATP 783 Jurassic (yellow) and Permian (blue) prospects with analogous oilfields (green) to the south

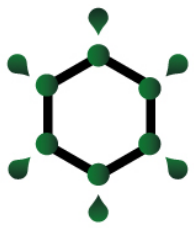


The large low relief Crowns prospect, analogous to oilfields to the south adjacent to Earlistoun-1

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) 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.

Prospective Resources

Notes:

- Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These estimates have both an associated risk of discovery and development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
- The estimate of Prospective Resources included in the announcement have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System ("PRMS") as revised in June 2018 by the Society of Petroleum Engineers. The PRMS defines prospective resources as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
- All prospective resources were estimated within ATP 783 by mapping the extent of the prospects using the vintage 2D seismic data which is over 20 years in age and is currently being reprocessed.
- Key has applied ranges of volumetric parameters based on regional data including all the wells in ATP 783 and from other wells to the south including the Bodalla and Kenmore Oil Fields.
- Recovery efficiencies were estimated using generalised recovery factors which Key assessed as reasonable and benchmarked from production data from the Bargie, Bodalla South and Kenmore Oil fields. These oil fields are to the south of the Canaway Ridge project.
- The prospective resource parameters for the prospects were combined probabilistically and for the Canaway Ridge Project the volumes for each prospect were then summed arithmetically to give each category of prospective resource.
- Gross Prospective Resources are 100% of the on-block volumes that are estimated to be recoverable from the Prospects in the event that a discovery is made and subsequently developed.
- The volumes reported are "Unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes but currently are considered in the low to moderate range. The Operator has estimated various GCoS for each of the prospects which it intends to update and release to the market after the completion of current exploration work.