

13 August 2019

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

COMPLETION OF PLACEMENT

On 5 August 2019 Key Petroleum Ltd (Key or Company) announced that it had completed arrangements for a capital raising via a placement of 125,000,000 ordinary fully paid shares at \$0.0032 each to raise A\$400,000 (Placement) before costs.

The Company is now pleased to advise that it has completed the Placement.

Funds raised under the Placement will be expended by Key on the following: -

- Preparatory works for drilling Ace-1 within the Meeba project recently subject to a farmout with Pancontinental Oil and Gas NL;
- Preparatory drilling works for Alfajour-1 within the Tanbar Gas Project ATP 924 of the Cooper Basin; and
- Additional working capital.

Notice under Section 708A

Key issued the Placement shares to institutional and sophisticated investors and they are part of a class of securities quoted on the Australian Securities Exchange Limited (ASX).

The Company gives this notice pursuant to Section 708A(5)(e) of the Corporations Act. The shares were issued without disclosure to the investors under Part 6D.2, in reliance on Section 708A(5) of the Corporations Act. The Company, as at the date of this notice, has complied with:

- a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company, and
- b) Section 674 of the Corporations Act.

There is no excluded information as at the date of this notice, for the purposes of Section 708A(7) and (8) of the Corporations Act.

An ASX Appendix 3B Application for Quotation of Additional Securities is attached.


IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Key Petroleum Limited

ABN

50 120 580 618

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|-----------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 125,000,000 by placement |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | |
|--|--|
| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes, the Shares will rank equally in all respects from the date of issue with the existing quoted fully paid ordinary shares of the Company.</p> |
| <p>5 Issue price or consideration</p> | <p>\$0.0032 per share.</p> |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Funds raised under the Placement will be expended by Key on the following: -</p> <ul style="list-style-type: none"> • Preparatory works for drilling Ace-1 within the Meeba project recently subject to a farmout with Pancontinental Oil and Gas NL; • Preparatory drilling works for Alfajour-1 within the Tanbar Gas Project ATP 924 of the Cooper Basin; and • Additional working capital. |
| <p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p> | <p>Yes.</p> |
| <p>6b The date the security holder resolution under rule 7.1A was passed</p> | <p>26 November 2018.</p> |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | | |
|----|--|--|
| 6c | Number of +securities issued without security holder approval under rule 7.1 | Nil |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | 125,000,000 |
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | Nil |
| 6f | Number of securities issued under an exception in rule 7.2 | Nil |
| 6g | If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. | <p>Yes</p> <p>Date on which price was agreed: 2/8/19 Date on which shares issued: 13/8/19 15 day VWAP at 13/8/19: \$0.003934 75% of 15 day VWAP: \$0.0029505</p> <p>Source: Iress</p> |
| 6h | If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | <p>Listing Rule 7.1 – Nil</p> <p>Listing Rule 7.1A – 9,735,844</p> |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | 13 August 2019. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | Number | +Class |
|---|----------------------|----------------------------|
| 8 | 1,549,462,207 | Fully paid ordinary shares |
| | + 125,000,000 | |
| | <u>1,674,462,207</u> | |

Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)

| | Number | +Class |
|---|------------|---|
| 9 | 2,000,000 | Performance Rights A |
| | 2,000,000 | Performance Rights B |
| | 20,000,000 | Unlisted options exercise price \$0.015 expiry 30/11/2020 |
| | 4,500,000 | Unlisted options exercise price \$0.013 expiry 24/08/2022 |
| | 1,000,000 | Unlisted options exercise price \$0.013 expiry 27/03/2023 |

Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)

| | | |
|----|--|-----|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A |
|----|--|-----|

Part 2 - Bonus issue or pro rata issue

| | | |
|----|--|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the +securities will be offered | N/A |
| 14 | +Class of +securities to which the offer relates | N/A |
| 15 | +Record date to determine entitlements | N/A |

+ See chapter 19 for defined terms.

| | | |
|----|---|-----|
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders | N/A |
| 25 | If the issue is contingent on ⁺ security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | N/A |

⁺ See chapter 19 for defined terms.

Appendix 3B New issue announcement

| | | |
|----|---|-----|
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | ⁺ Issue date | N/A |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) a) Securities described in Part 1
- (b) All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

41 Reason for request for quotation now
 Example: In the case of restricted securities, end of restriction period
 (if issued upon conversion of another security, clearly identify that other security)

| |
|--|
| |
|--|

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

| Number | +Class |
|--------|--------|
| | |

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.


2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

+ See chapter 19 for defined terms.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 13 August 2019
(Company Secretary)

Print name: Ian Gregory

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|---|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue | 1,347,358,441 |
| Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> |
| Subtract the number of fully paid ordinary securities cancelled during that 12 month period | Nil |
| “A” | 1,347,358,441 |

+ See chapter 19 for defined terms.

| | |
|---|---|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 202,103,766 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | <p>60,000,000 shares issued by placement on 23 November 2018.</p> <p>142,103,766 shares issued by placement on 28 March 2019.</p> |
| “C” | 202,103,766 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 202,103,766 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 202,103,766 |
| <p>Total [“A” x 0.15] – “C”</p> | <p>Nil</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p> |

+ See chapter 19 for defined terms.

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|---|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 1,347,358,441 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 134,735,844 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 125,000,000 shares issued by placement on 9 August 2019. |
| “E” | 125,000,000 |

+ See chapter 19 for defined terms.

| Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A | |
|--|--|
| <p>"A" x 0.10 <i>Note: number must be same as shown in Step 2</i></p> | 134,735,844 |
| <p>Subtract "E" <i>Note: number must be same as shown in Step 3</i></p> | 125,000,000 |
| <p>Total ["A" x 0.10] – "E"</p> | <p style="text-align: right;">9,735,844</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p> |

+ See chapter 19 for defined terms.