



14 August 2019

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

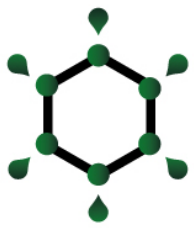
PERTH BASIN UPDATE

Key Petroleum Limited attaches herewith an ASX Announcement pertaining to its Perth Basin projects in light of the most recent West Errregulla-2 well result which is south and east of Key's permits.

Regards

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

IAN GREGORY
Company Secretary
Key Petroleum Limited



ASX Announcement

14 August 2019

PERTH BASIN UPDATE

Key Petroleum Limited (“Key” or “Company”), is pleased to announce it has incorporated some of the preliminary findings of Strike Energy Limited and Warrego Energy Limited’s Perth Basin West Erregulla-2 gas discovery into its Perth Basin geological models.

The Waitsia and West Erregulla Fields sit south and east of Key’s permits.

Reports from the West Erregulla-2 well result state that:

- Log interpretation indicates net reservoir to 10.2 metres in the Wagina sandstone;
- Additional 5 metres of gas bearing Wagina sands drilled since last update brings total gas column to 79 metres; and
- West Erregulla-2 Wagina discovery appears analogous to Beharra Springs.

Key has mapped several prospects in WA-481-P, including the Burney Prospect that sits near the Dunsborough and Frankland discovery areas. The Dunsborough and Frankland areas are considered analogous to the Waitsia and Beharra Fields as they are regarded as prospective at the same Permian targets. The Burney Prospect is a high graded prospect which has amplitude support at these deeper Permian levels, including the Wagina sandstone.

Wagina sandstone level prospectivity has also been identified in Key’s operated EP 437 licence, including the Parce Prospect which is being considered as a mature drilling target in conjunction with Wye Knot. Parce lies south of the Wye-1 gas discovery in the same permit and on trend 10 kilometres from the Dongara Oil and Gas Field and 17 kilometres away from the Waitsia Gas Field.

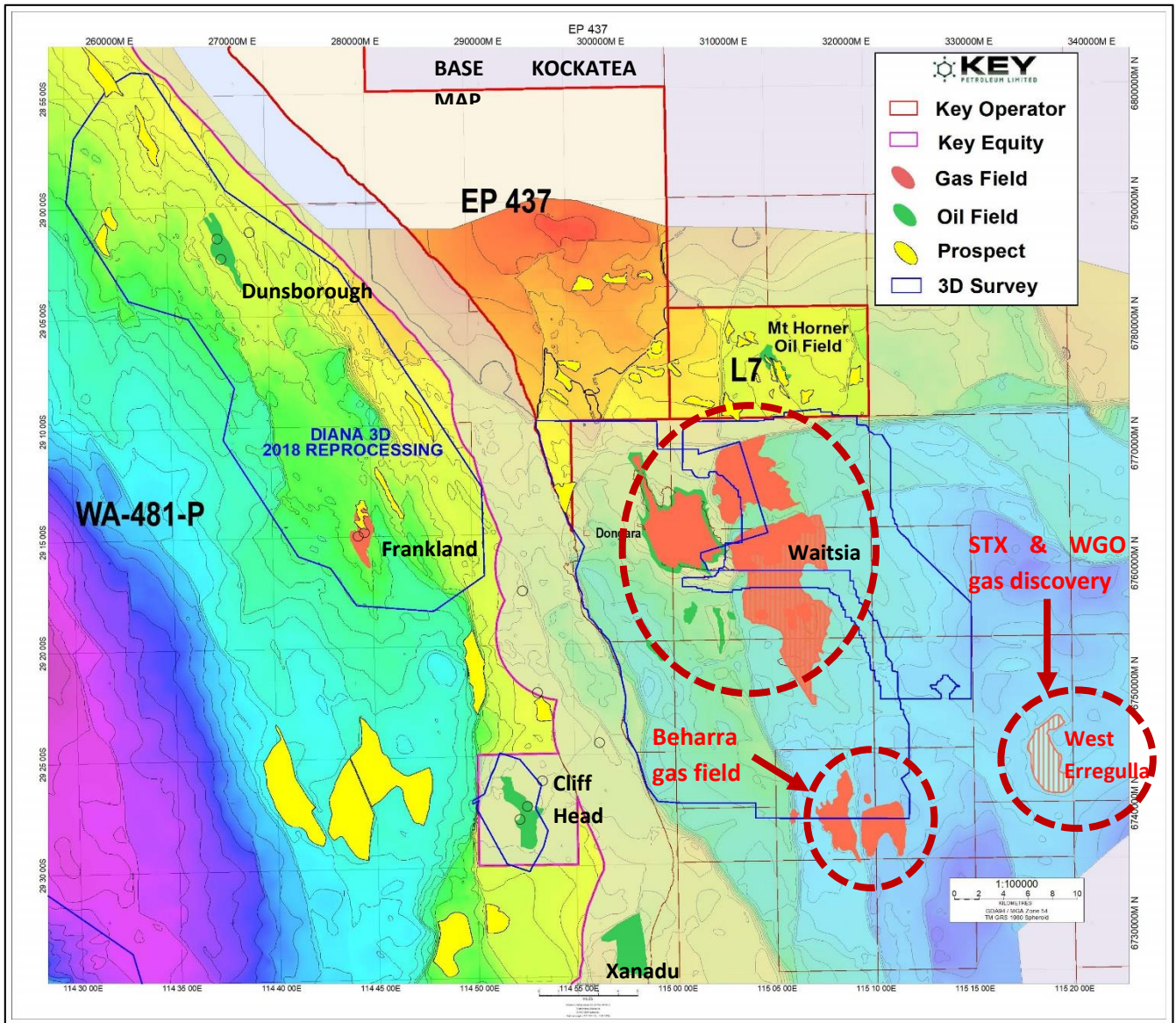
The potential of the Permian sandstone intervals within the Parce Prospect is increased compared to the shallower Wye-1 block, similar to West Erregulla and Beharra Springs.

The Kingia and High Cliff sequences are the primary reservoirs within the Waitsia Gas Field and are also expected to be at the same primary intervals within the Parce and other prospects within southern areas of EP 437:

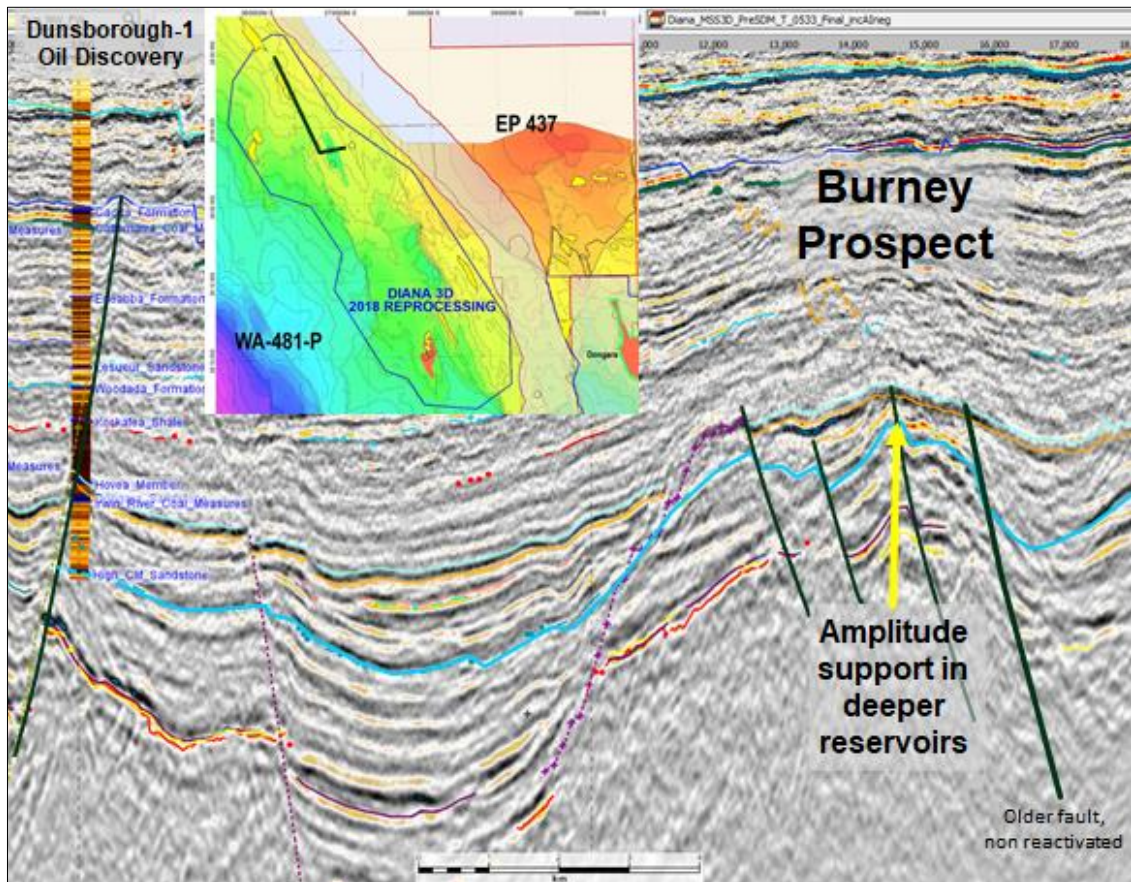
- Prospective resources were previously reported for EP 437 as 1.94 mm bbls (1U and low case), 7.82 mmbbls (2U and base case) and 15.82 mmbbls (3U and high case)¹;
- Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. 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 EP 437).

Key will keep the market fully informed as to the relevance of other Operator’s activities in the Perth Basin together with our own activities in due course.

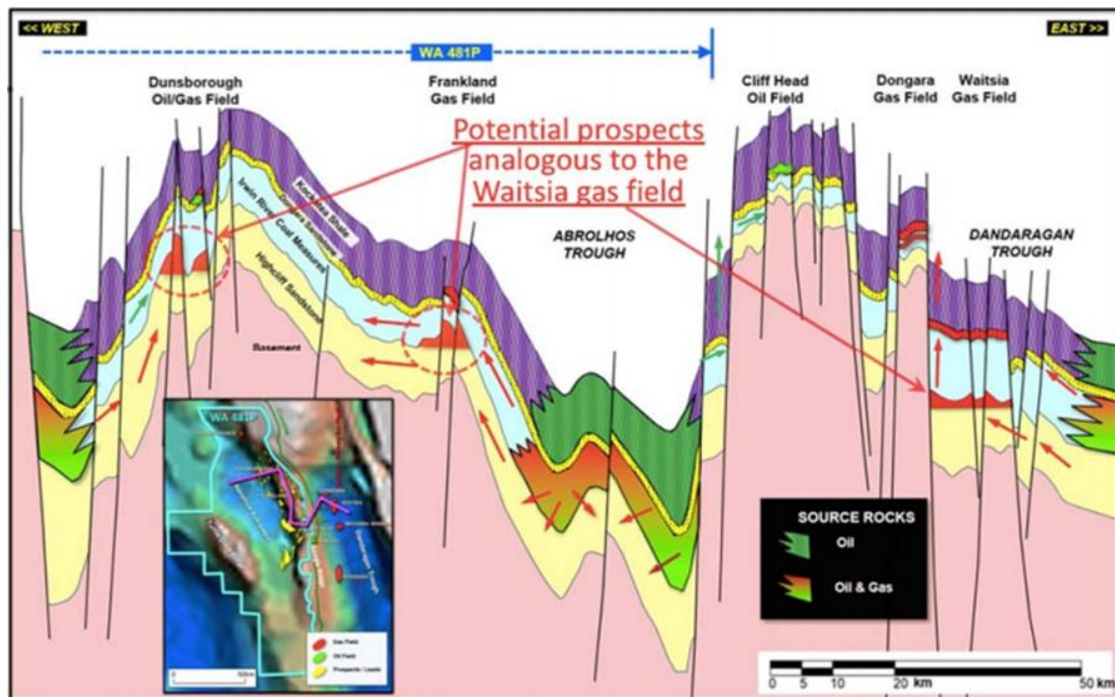
¹ As reported to the ASX as at the evaluation date on 22 November 2018



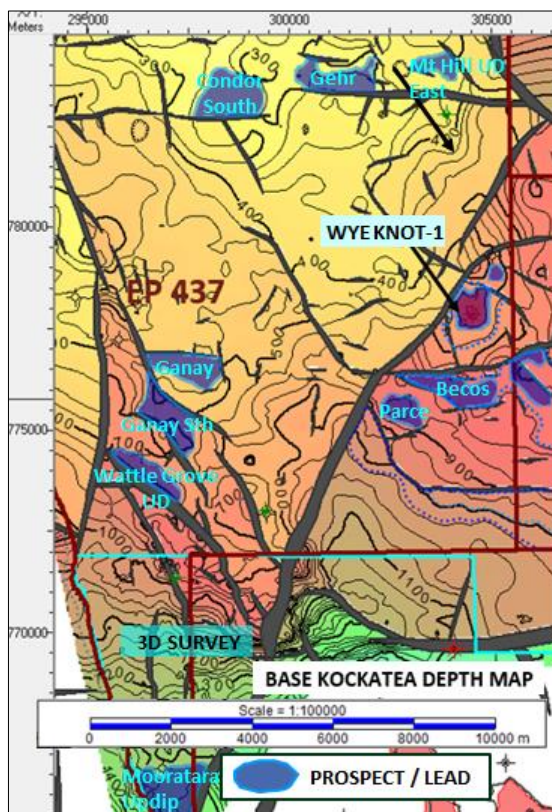
Key's Perth Basin acreage holding and relation to Waitisia, Dongara, West Erregulla and Beharra Fields



Diana 3D seismic reprocessing and deeper level prospectivity identified at Burney

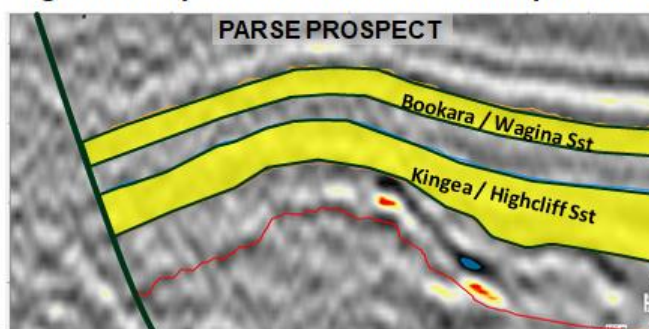


Dunsborough, Frankland, Dongara and Waitsia areas in relation to the Perth Basin. Key considers the offshore area to have analogous upside potential from deeper gas plays.



EP 437			Prospective Oil		
Prospect Name	Block	Levels	1U	2U	3U
			mm bbls	mm bbls	mm bbls
Wye Knot	EP 438	Triassic	0.16	1.40	3.04
Becos	EP 437	Triassic	0.23	0.92	1.95
Parce	EP 437	Triassic	0.13	0.57	1.25
Ganay	EP 437	Triassic	0.19	0.71	1.41
Ganay South	EP 437	Triassic	0.21	0.91	1.86
Wattle Grove Updip	EP 437	Triassic	0.22	0.83	1.59
Conder South	EP 437	Triassic	0.28	1.17	2.40
Gehr (Mt Hill UD)	EP 437	Triassic	0.19	0.91	1.90
Mt Hill Updip East	EP 437	Triassic	0.07	0.28	0.54
EP 437 Sum Totals			1.94	7.82	15.82

Significant upside in Permian resource potential!



EP 437 and Parce Prospect details lying on trend from Waitsia, Dongara and West Erregulla Fields

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), Petroleum Exploration Society of Australia (PESA), South East Asia Petroleum Exploration Society (SEAPEX) 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 EP 437 prospectivity includes a range of geological chances of success estimated to be in the range from 4 to 27%, largely based on the existing 2D seismic data coverage. This 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. The evaluation date is of 22 November 2018;
- 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;
- Key has applied a range of volumetric parameters based on regional data including all the wells in the surrounding producing fields;
- Recovery efficiencies were estimated using generalised recovery factors which Key assessed as reasonable and benchmarked from production data from Dongara and Hovea fields. These fields are to the south of EP 437;
- The prospective resource parameters for the prospects were combined probabilistically and then the volumes for each prospect were 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; and
- 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 as depicted above.