

7 November 2019

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

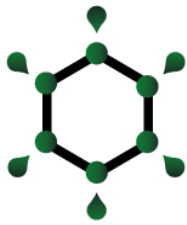
CHANDOS PROSPECT DERISKED AT CANAWAY RIDGE

Key Petroleum Limited attaches herewith an ASX Announcement pertaining to the integration of geochemical survey results and seismic reprocessing into the Chandos area of Canaway Ridge 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", written over a circular stamp or mark.

IAN GREGORY
Company Secretary
Key Petroleum Limited



ASX Announcement

7 November 2019

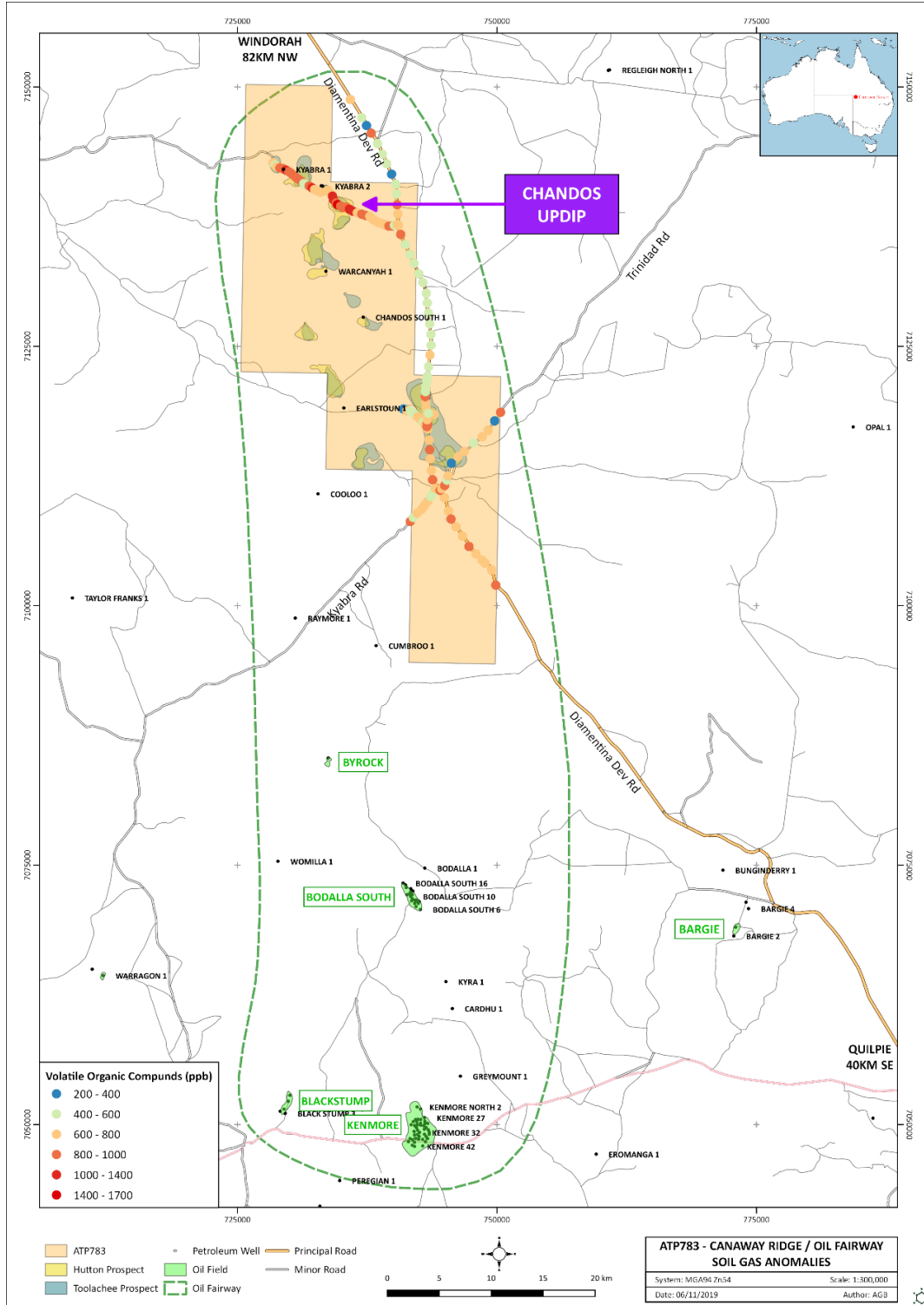
CHANDOS PROSPECT DERISKED AT CANAWAY RIDGE

Further to Key's announcement of 3 April 2019, Key Cooper Basin Pty Ltd ("Key" or "Company"), a wholly owned subsidiary of Key Petroleum Limited, is pleased to advise that the Chandos Updip Prospect within Key's 100% owned Canaway Ridge Project has been de-risked for drilling from integrating primary term work commitments including a geochemical survey and seismic reprocessing. Importantly:

- The Canaway Ridge Geochemical Survey was completed in the primary term and results have now been incorporated into the primary term 2D seismic reprocessing results;
- Anomalous geochemical values were detected and have been interpreted to be across the Chandos Updip Prospect which was previously identified on vintage 2D seismic;
- Down-dip and north-west of the Chandos Updip Prospect, Chandos-1 was drilled in 1966 and is interpreted to be in a position low to the structural crest in this area of the Project;
- Chandos-1 previously recovered 3.9 barrels of oil from an interval of 39 metres in thickness from a drill stem test from the Wimma Sandstone Formation. This sandstone is interpreted to be early to mid-Triassic in age of the Napamerri Group. Further oil and gas shows were present in the deeper Permian section;
- On ground magnetics data is yet to be incorporated into the Canaway Project and further Permian gas leads are currently being mapped and finalised, including in the area around Earlstoun-1 (condensate mist recovery) and Warcanyah-1 where gas shows were noted during drilling;
- The Canaway Project has a minimum of eight (8) prospects, all located either up-dip or proximal to wells that previously recovered oil and have been identified on 20 year old vintage 2D seismic data;
- The prospects lie on the Canaway Ridge trend, a prolific oil producing trend demonstrated by the presence of the Bodalla South and Kenmore Oil Fields to the south;
- Prospect chance of success for Chandos Updip is 18% with prospective resource range of 0.7 mm bbls (1U and low case), 2.3 mmbbls (2U and base case) and 4.5 mmbbls (3U and high case); and
- The prospective resource range for the Canaway Ridge Project is identified in millions of barrels of recoverable oil with the range unchanged as of 3 April 2019, 1U (Low) 7.6 mmbbls, 2U (Best) 26.2 mmbbls, and 3U (High) 50.8 mmbbls. The average geological chance of success for all prospects within the Canaway Ridge Project is 19%.

Cautionary Statement: 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 a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

With regard to the remaining Canaway Ridge Project, the Company confirms that it is not aware of any new information or data that, in its opinion, materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.



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

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 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.
- 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 once it has incorporated all on ground magnetics and seismic reprocessing work.