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28 October 2021

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

QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

Key Petroleum Limited attaches herewith the Company's Quarterly Activities Report and Appendix 5B for the period ended 30 September 2021.

This announcement has been authorised by the Board of Directors.

For more information please contact:

IAN GREGORY
Company Secretary
Key Petroleum Limited

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Quarterly Report

For the period ended 30 September 2021



Update on Activities

Highlights for the Quarter

- ◆ Received confirmation that the application for Project Status for Authority to Prospect (ATP) Number 783, ATP 920 and ATP 924 lodged with the Queensland regulator, Department of Natural Resources, Mines and Energy (DNRME), was approved this quarter. This allows Key to transfer commitments between the ATPs, allowing the Company to focus its efforts on the most prospective areas.
- ◆ Key has been conducting a detailed review of its Cooper Basin assets ATPs 783, 920 and 924. That review is now complete subsequent to end of the quarter. Key will provide a reserves update in due course and results will be announced to the market shortly.
- ◆ Due to a number of delays, Key and Triangle have agreed twice, during and subsequent to end of quarter, to extend the proposed Cut Off date for the Sale and Purchase Agreement for Key's remaining equity in EP 437 and L7 (Sale Agreement) to Triangle Energy, now for end of January 2022. A non-refundable upfront payment of \$200,000 was received by Key from Triangle with two follow on payments totalling A\$300,000 also received. The remaining \$100,000 and a 5% overriding production royalty in each permit to be received once the sale is completed.
- ◆ Subsequent to end of quarter, Key and Triangle have entered into a Management Services Agreement where Triangle will provide all operational services in relation to the L7/EP437 titles. This includes the preparations for the Bookara 3D Seismic Survey.
- ◆ Continues to work with the Western Australia regulator, Department of Mines, Industry Regulation and Safety (DMIRS), to complete the Sale Agreement. Completion of the agreement requires DMIRS to approve the transfer of title.
- ◆ Key has repaid the ASF loan of \$250,000 at end of quarter.
- ◆ Key has appointed Louis Chien as Managing Director effective 1 October 2021. Yvonne Ye has resigned as a Non-Executive Director of Key and Ric Jason has resigned as interim Chief Executive Officer and Exploration Manager.

Activities for the Upcoming Quarter

- ◆ Key will announce to the market the results of its review of the Cooper Eromanga Basin exploration portfolio in November. The review will be followed up by planned activities to action the review recommendations.
- ◆ Continues efforts to attract investment for its Cooper Eromanga Basin exploration portfolio, while at the same time monitoring COVID-19 movement restrictions which continue to impact progress with planning for field activities associated with Key's commitments in Queensland.
- ◆ Completion of the sale of L7 and EP 437 on DMIRS approval for the transfer of Key's equities and operatorship.
- ◆ Together with Triangle Energy, advance and complete access negotiations as part of planning for the Bookara 3D Survey, which will cover a broad area within L7 and extend west into EP 437.

Cooper Eromanga Basin, Queensland

- Key's approved application for Project Status by DNRME allows Key to transfer commitments between the ATPs, allowing the Company to focus its efforts on the most prospective areas.
- Key continues to attract investment for its Cooper Eromanga Basin exploration portfolio, while at the same time managing COVID-19 movement restrictions which impacts its Queensland activities.

ATP 920

Key Petroleum Limited (Operator) (via wholly owned subsidiary) 80.00%

Pancontinental Oil and Gas NL *20.00%

** Pancontinental is to earn an undivided 20% participating interest in ATP 920 in accordance with Farmin Agreement dated 30 October 2019*

ATP 924

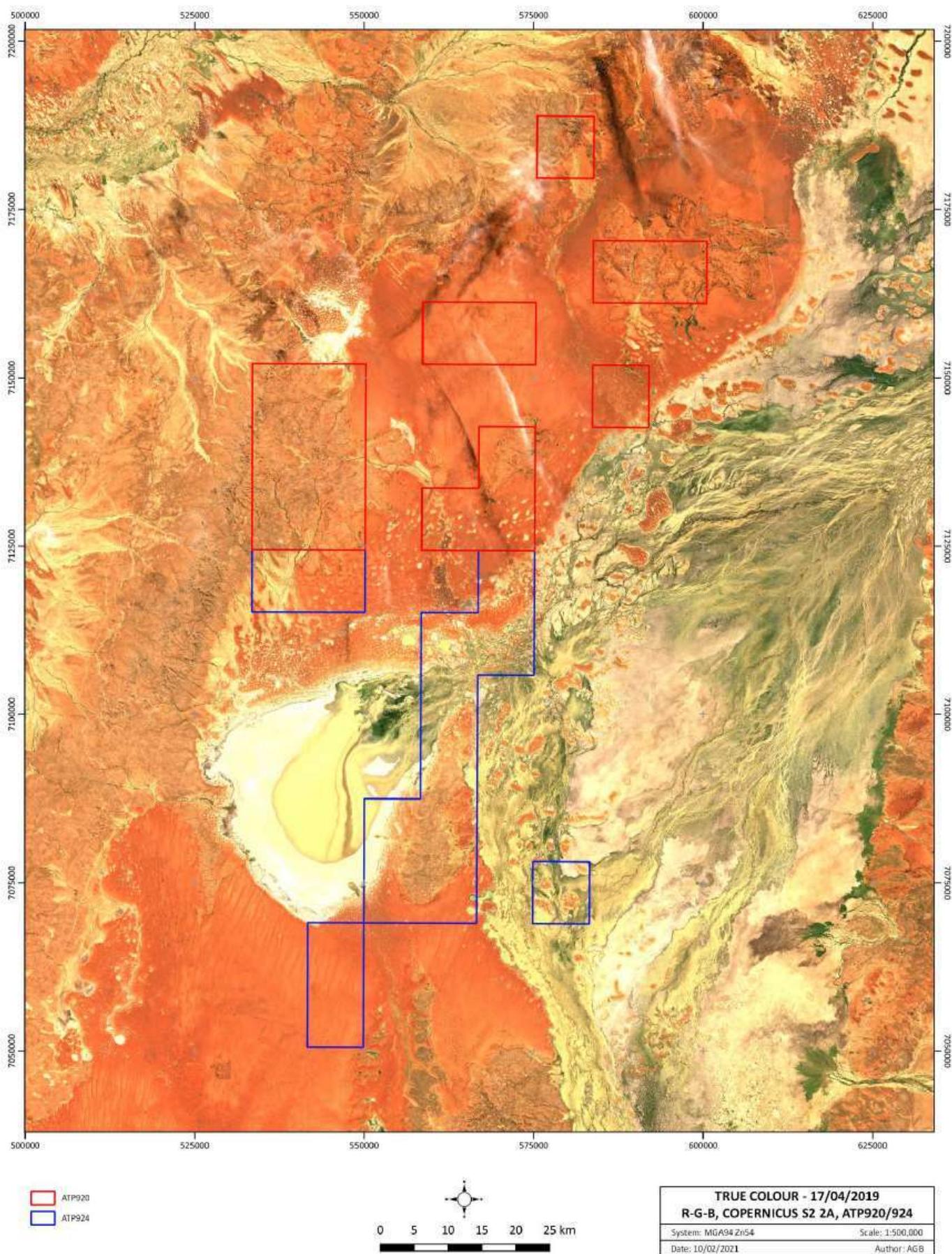
Key Petroleum Limited (Operator) (via wholly owned subsidiary) 75.00%

Pancontinental Oil and Gas NL *25.00%

**Pancontinental is to earn an undivided 25% participating interest in the Ace Area of ATP 924 in accordance with the Farmin Agreement dated 30 October 2019*

ATP 783

Key Petroleum Limited (Operator) (via wholly owned subsidiary) 100.00%



Cooper-Eromanga Basin Satellite imagery of ATP-920, 924 and surrounding Cooper Creek catchment area.

Bookara Shelf Oil Project (Onshore Perth Basin – EP 437 and L7)

L7 (Mount Horner) Summary

Key Petroleum Limited (Operator) (via wholly owned subsidiary) 50%

Triangle Energy (Global) Limited (via wholly owned subsidiary) *50%

*Triangle is to earn 100% in L7 once the sale (announced 28 January 2021) is completed. Key will retain a 5% overriding production royalty.

- ◆ Planning activities for the Bookara 3D Seismic Survey continued through the Quarter. The Survey is planned to be conducted starting in December 2021, and fully funded by Triangle Energy (Global) Limited.
- ◆ Stakeholder engagement pertaining to various access agreements and easements including Heritage and Environmental studies are well advanced with some completed.

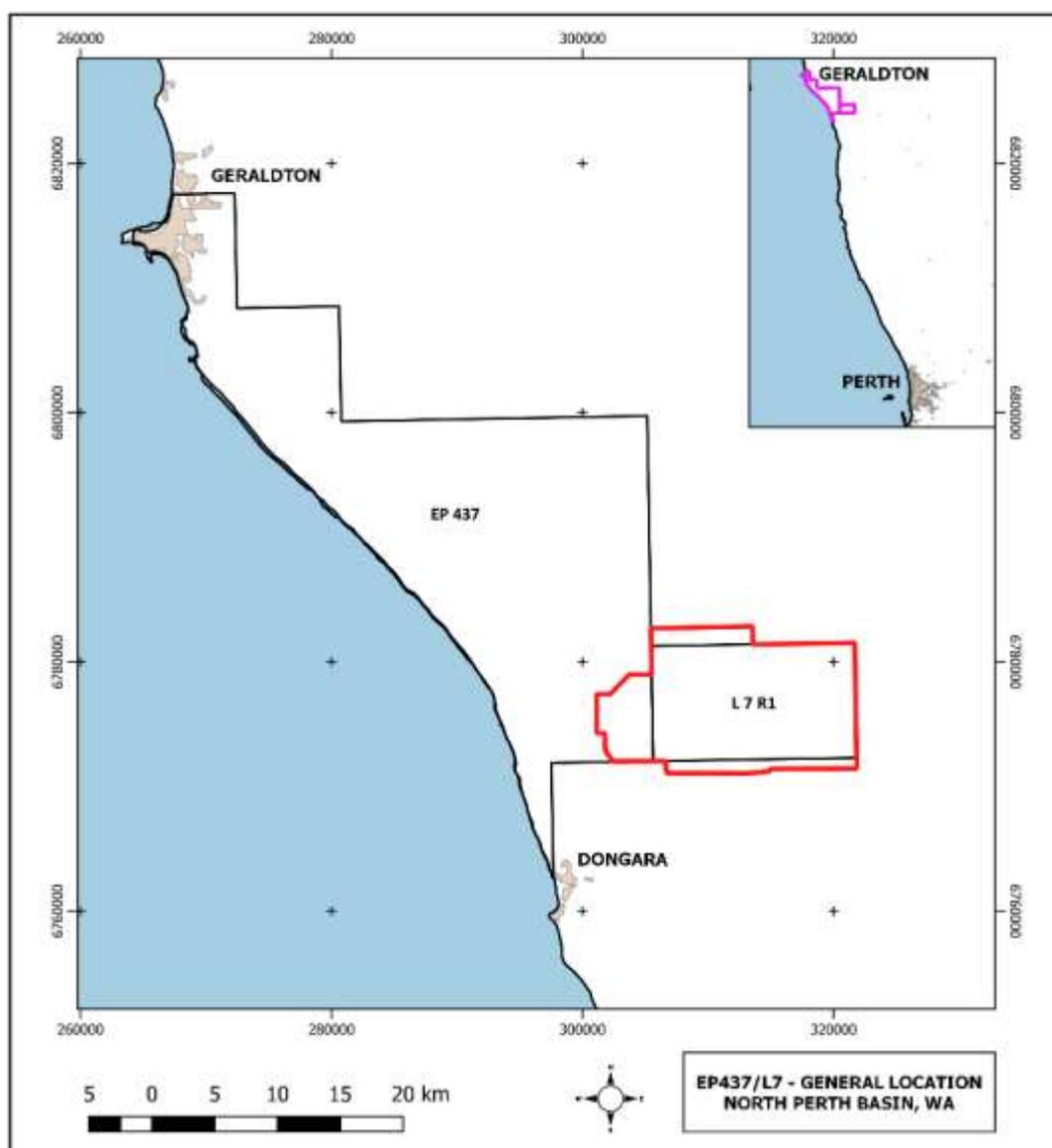


Figure 1: Regional map of proposed Bookara 3D Survey with permit outlines

EP 437

Key Petroleum Limited (Operator) (via wholly owned subsidiary) **86.94%*

**Triangle is to earn Key's 86.94% in EP 437 once the sale (announced 28 January 2021) is completed. Key will retain a 5% overriding production royalty.*

Pilot Energy Limited *13.06%*

- ◆ Activities to complete the minimum of twenty (20) square kilometres of 3D seismic are well advanced with new Access Agreements signed with landowners during the quarter. The EP 437 Year 3 work commitments are due to be completed by 27 May 2022.

Corporate and Current Outlook for Key

- ◆ At the end of the September 2021 quarter the Company had A\$167,000 cash on hand. This reflects repayment of the loan amount of A\$250,000 in full this quarter.
- ◆ Following the sale of Key's 40% interest in WA-481-P, Key received 21 million ordinary fully paid Pilot Energy shares. The suspension of trading in the securities of Pilot Energy Limited ('PGY') was lifted on 12 August 2021. During the month of September, Key sold 4.0 million shares of Pilot Energy at an average price of \$0.059 per share which netted A\$233,796. This amount went towards full repayment of the A\$250,000 loan this quarter. The remaining 17 million shares at \$0.073 per share is valued at A\$1,241,000 as of 26 October 2021.
- ◆ The value of the shares of PGY, the proceeds of the sale of EP 437 and L7 (received A\$300,000 this quarter), and the return of bank deposits will provide sufficient funds to cover the cash requirements of the Company for the remainder of the financial year.
- ◆ During the quarter, the Company paid the amounts noted at Items 6.1 and 6.2 on the Appendix 5B, being payments of \$43,000 to related parties and their associates. This was the aggregate amount paid to the directors including directors' fees and consulting fees.
- ◆ There were no substantive oil and gas production or development activities during the quarter.

Petroleum Permit Schedule

| Petroleum Permit | Type | Location | Interest at Beginning of Quarter | Interest at End of Quarter | Acquired during Quarter | Disposed during Quarter |
|------------------|-----------------------|----------------------------|----------------------------------|----------------------------|-------------------------|-------------------------|
| L7 | Production Licence | Perth Basin, WA | 50% ■ | 50% | - | - |
| EP 437 | Exploration Permit | Perth Basin, WA | 86.94% ■ | 86.94% | - | - |
| ATP 924 | Authority to Prospect | Cooper Eromanga Basin, QLD | 100% ▲ | 100% | - | - |
| ATP 920 | Authority to Prospect | Cooper Eromanga Basin, QLD | 100% ◆ | 100% | - | - |
| ATP 783 | Authority to Prospect | Cooper Eromanga Basin, QLD | 100% | 100% | - | - |

- Triangle is to earn 100% in L7 once the sale (announced 28 January 2021) is completed. Key will retain a 5% overriding production royalty.
- Triangle is to earn Key's 86.94% in EP 437 once the sale (announced 28 January 2021) is completed. Key will retain a 5% overriding production royalty.
- ▲ Pancontinental is to earn an undivided 25% participating interest in the Ace Area of ATP 924 in accordance with the Farmin Agreement dated 30 October 2019
- ◆ Pancontinental is to earn an undivided 20% participating interest in ATP 920 in accordance with Farmin Agreement dated 30 October 2019

ASX Listing Rule 5.4.3

IAN GREGORY
COMPANY SECRETARY

Dated: 28 October 2021
Perth, Western Australia

CAUTIONARY STATEMENT

The information in this report is an overview and does not contain all information necessary for investment decisions. In making investment decisions, investors should rely on their own examination of Key Petroleum Ltd and consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of securities.

Prospective oil in place and recoverable reserve estimates have been made under the Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS). Mr Marshall has compiled the information in this release as a Practising Petroleum Engineer and Geoscientist who consents to the release of the information. The Company is compliant with reporting of estimates as defined in Chapter 5 of the ASX Listing Rules.

The information contained in this report has been prepared in good faith by Key Petroleum Ltd. However, no representation or warranty, expressed or implied, is made as to the accuracy, correctness, completeness or adequacy of any statement, estimates, opinions or other information contained in this document.

Certain information in this document refers to the intentions of Key Petroleum Ltd, but these are not intended to be forecasts, forward looking statements, or statements about future matters for the purposes of the Corporations Act or any other applicable law. The occurrence of events in the future are subject to risks, uncertainties, and other factors that may cause Key Petroleum Limited's actual results, performance or achievements to differ from those referred to in this document. Accordingly, Key Petroleum Ltd, its directors, officers, employees and agents do not give any assurance or guarantee that the occurrence of events referred to in this presentation will occur as contemplated.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

| |
|------------------------------|
| Key Petroleum Limited |
|------------------------------|

ABN

| |
|----------------|
| 50 120 580 618 |
|----------------|

Quarter ended ("current quarter")

| |
|-------------------|
| 30 September 2021 |
|-------------------|

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 3 | 3 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | - | - |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (79) | (79) |
| (e) administration and corporate costs | (83) | (83) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | (10) | (10) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (168) | (168) |

| | | |
|--|----|----|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | - | - |
| (d) exploration & evaluation | 17 | 17 |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | 200 | 200 |
| | (c) property, plant and equipment | - | - |
| | (d) investments | 236 | 236 |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | | |
| | • Refund of bank guarantees | 36 | 36 |
| 2.6 | Net cash from / (used in) investing activities | 489 | 489 |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | 50 | 50 |
| 3.6 | Repayment of borrowings | (250) | (250) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) Principal elements of lease payments | - | - |
| 3.10 | Net cash from / (used in) financing activities | (200) | (200) |

| | | | |
|-----------|--|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 46 | 46 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (168) | (168) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 489 | 489 |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (200) | (200) |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 167 | 167 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 167 | 46 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 167 | 46 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|---|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 43 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | - |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| N/A | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (168) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | 17 |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (151) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 167 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 167 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 1.1 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: During the quarter the Company further streamlined operations and relocated its business office to a shared office. The administration and corporate costs have been drastically reduced this quarter. | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has taken steps to raise cash to fund its operations including but not limited to the following:

- (i) Settlement from the sale of Key's onshore Perth Basin assets, announced on 29 January 2021, is expected to be completed by end of January 2022, with a \$100,000 payment that is due to Key on completion; and
- (ii) Key holds 17 million ordinary fully paid Pilot Energy shares received by Key from the sale of WA-481-P. Based on the closing price of \$0.055 per share on 30 September 2021, the shares were worth \$935,000 at the end of the quarter.
- (iii) Another loan facility can be arranged with ASF Group as needed.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, it is anticipated that asset sale proceeds will provide sufficient funding and the Company will manage costs in line with the available funding outlined above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.