

20 October 2016

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

NOPTA APPROVAL OF WA-481-P ASSIGNMENT

We attach herewith an ASX Announcement for Investors regarding National Offshore Petroleum Titles Administrator (NOPTA) approval of the transfer to Key Petroleum Limited of a 40% interest in WA-481-P.

Regards



IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED



ASX ANNOUNCEMENT

NOPTA APPROVAL OF WA-481-P ASSIGNMENT

Key Petroleum Ltd (“Key” - ASX:KEY), is pleased to announce NOPTA has approved the transfer of a 40% working interest in Exploration Permit WA-481-P, located in the offshore North Perth Basin, Western Australia (refer map attached).

The WA-481-P opportunity was originally identified in collaboration with Key’s joint venture partner in the EP437 permit, Pilot Energy Limited (“Pilot” – ASX:PGY). Pursuant to a cooperation agreement with Pilot, Key exercised its right to acquire a 40% interest in the permit for the same (pro rata) terms that Pilot acquired its 100% interest; that being nil consideration, with a 10% Net Profits Interest payable to the previous owner on any future hydrocarbon production from within the permit. Key will also be assigned a pro rata share of the entitlements under the Petroleum Rent Resource Tax (PRRT) Assessment Act of 1987 that Pilot will be assigned from the previous owner, greatly enhancing potential development economics.

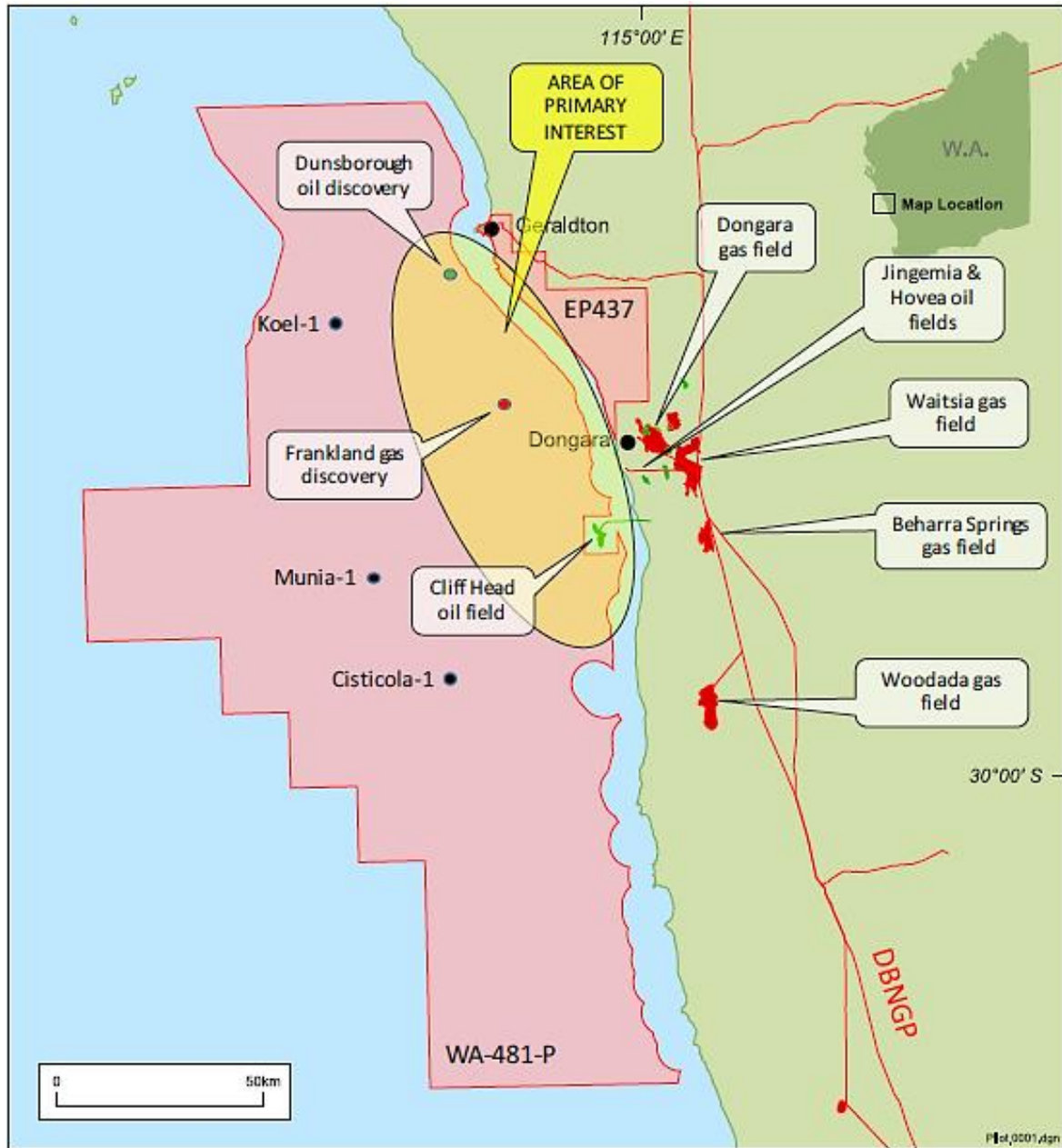
WA-481-P is situated in the proven hydrocarbon province of the offshore North Perth Basin. The permit covers an area of 17,457 km² in water depths mostly within 5 – 200 m. Importantly, it contains the single largest Australian offshore exploration area within water depths less than 200 m with the size of the permit itself regarded as being larger than the most prospective area in the onshore Perth Basin.

Based upon its review of existing 2D and 3D seismic data, Pilot and Key have identified a number of leads and regard the north-eastern part of the permit as highly prospective for future discoveries in the range of 5 to 20 MMbbls oil, or 50 to 100 Bcf gas. Any future discoveries may be combined with the existing resources within the permit, to form a “string of pearls” style development utilising existing infrastructure, such as the Cliff Head and Dongara facilities.

The WA-481-P permit entered Year 4 of the secondary term on 20 August 2016, which carries a work commitment to complete \$300,000 (gross cost) of geological and geophysical studies. The subsequent two years of the secondary term are discretionary, with each carrying an exploration well commitment.

Pilot and Key have commenced interpretation of the existing 2D and 3D seismic data over the primary area of interest, in order to quantify prospective resources and rank future drilling opportunities. The Frankland and Dunsborough discoveries will also be studied in detail in order to quantify the contingent resources as the basis for a possible future application for retention leases over the accumulations.

IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED



WA-481-P Location Map