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31 January 2023

The Manager
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The Announcements Office
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QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

Key Petroleum Limited attaches herewith the Company's Quarterly Activities Report and Appendix 5B for the quarter ended 31 December 2022.

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 31 December 2022



Update on Activities

Highlights for the Quarter

- ◆ Key is applying for renewal of its Queensland portfolio of ATPs for a further 2-year tenure to early 2025. The permits are located in the Cooper Eromanga Basin. ATP 920 and 924 are adjacent with gas- and oil-charged reservoir fairways extending through these areas. Key is exploring conventional, tight gas and liquids resources in the Permian (principally) and oil in the Jurassic (secondarily). The ATPs are in close proximity to established infrastructure including the Inland Oil Refinery and multiple gas offtake routes. Given the potentially sizable prospect and other leads uncovered in prior quarters, work continued this quarter towards developing this high-quality exploration acreage.
- ◆ Key has been assessing both farm-in investment into the Cooper Eromanga Basin exploration portfolio and corporate restructure during this period.

Activities for the Upcoming Quarter

- ◆ Continue work towards drilling the leads / prospects in the Cooper Eromanga Basin exploration portfolio. Key is positioning itself to drill as soon as it can practically do so in order to make discoveries and to be in a position to appraise and develop any discoveries in the shortest time frame.
- ◆ Key will continue to assess farm-in investment into the Cooper Eromanga Basin exploration portfolio subject to renewal of the portfolio in first quarter of calendar year 2023.
- ◆ Key will assess the addition of geographically diverse range of quality assets into the portfolio.

Cooper Eromanga Basin, Queensland

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%

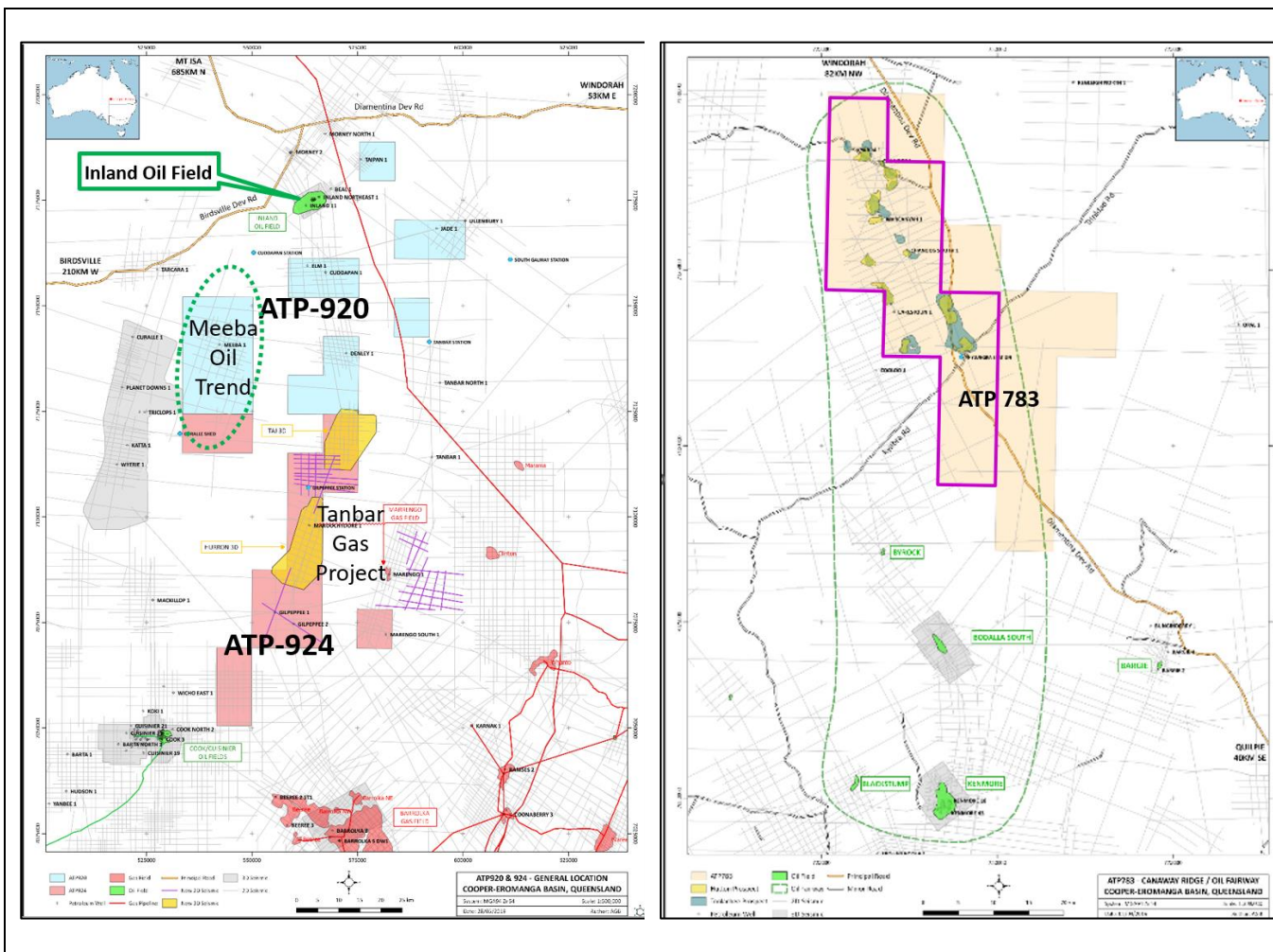
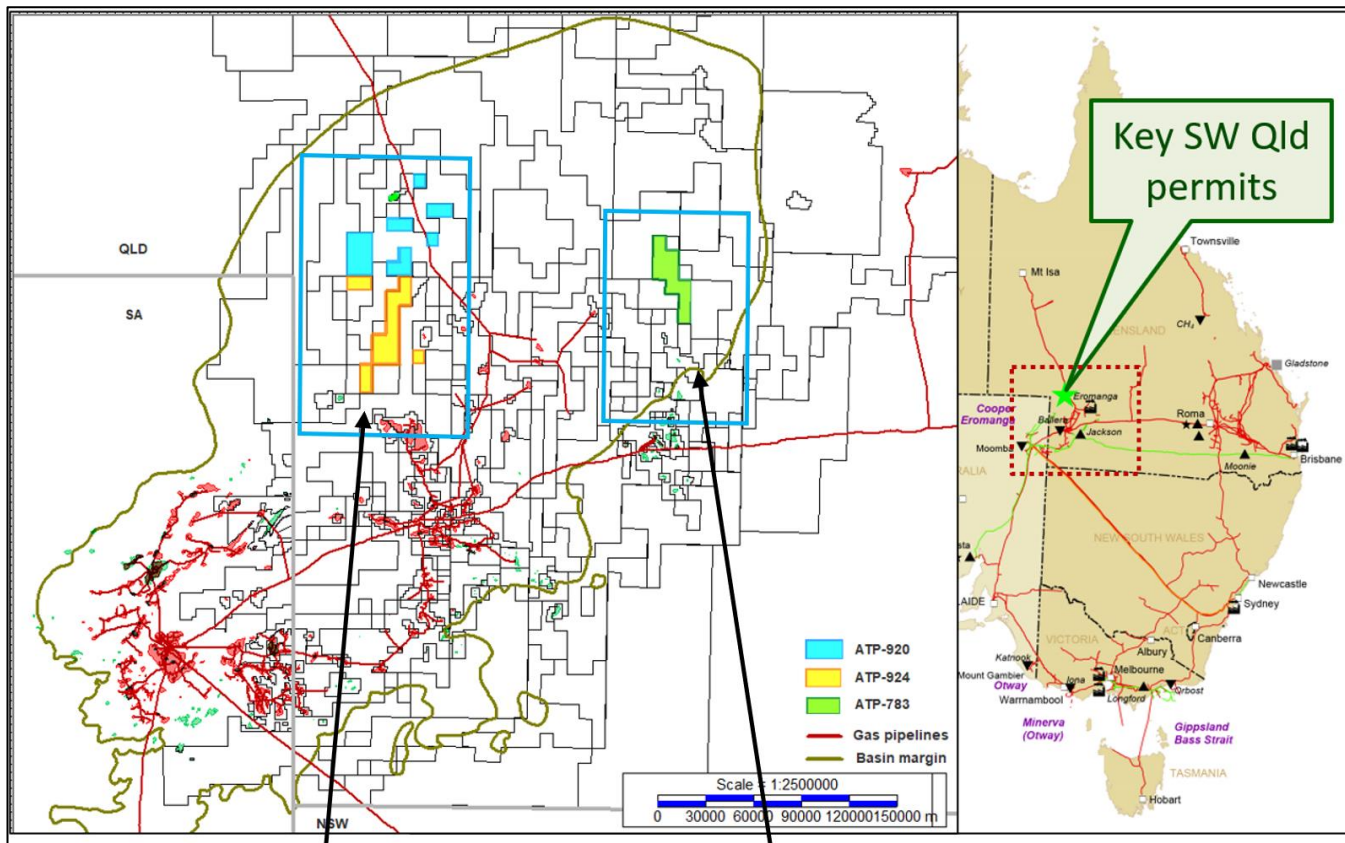
**Pancontinental is to earn an undivided 25% participating interest in the Ace Area of ATP 924 in accordance with the Farmin Agreement dated 30 October 2019*

ATP 783

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

The Company will continue to action its prospective leads in the portfolio and is continuing discussions with potential farm-in investors while applying for renewal of the ATPs. Once renewals and investment has been secured, the Company anticipates an approximate 6-9 month allowance for drilling. Drilling will overlap and likely occur in the renewal period for the permits.

Should drilling be successful, the Company believes there is a high likelihood of a commercial development with potentially more prospective leads to follow.



ATP 783, ATP 920 and ATP 924 Location

Corporate and Current Outlook for Key

- ◆ At the end of the December 2022 quarter, the Company had A\$95,000 cash on hand.
- ◆ 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 (ASX: PGY) was lifted on 12 August 2021. The remaining 11.3 million ordinary fully paid Pilot Energy shares held by Key from the sale of WA-481-P at the closing price of \$0.016 per share on 31 December 2022 is worth A\$181,442 at the end of the quarter.
- ◆ Following completion of the Share Sale Agreement with Triangle Energy (Global) Limited (ASX: TEG) for Key's onshore Perth Basin assets, announced on 30 September 2022, Key is due to receive 31,368,523 TEG shares to be issued on or before 30 June 2023. The shares are worth A\$627,370 as of 31 December 2022.
- ◆ The value of the shares of PGY (A\$181,442) and the value of the shares of TEG (A\$627,370) will provide sufficient funds to cover the cash requirements of the Company for the Cooper Eromanga Basin work over the next two quarters.
- ◆ During the quarter, the Company paid the amounts noted at Items 6.1 and 6.2 on the Appendix 5B, being payments of \$125,000 to related parties and their associates. This was the aggregate amount paid to the directors including directors' fees and consulting fees (\$89,000), and corporate administration and management fees (\$36,000).
- ◆ Total E&E expenditure for the quarter was \$25,000.

Petroleum Permit Schedule

Petroleum Permit	Type	Location	Interest at Beginning of Quarter	Interest at End of Quarter	Acquired during Quarter	Disposed during Quarter
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%	-	-

▲ 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: 31 January 2023

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.

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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(32)	(62)
(e) administration and corporate costs	(112)	(292)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(6)	(6)
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	(150)	(360)

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	(25)	(83)
(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 (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	599
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(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	-	-
2.6	Net cash from / (used in) investing activities	(25)	516

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	-	150
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	-	(1)
3.10	Net cash from / (used in) financing activities	(250)	(101)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	520	40
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(150)	(360)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(25)	516

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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(250)	(101)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	95	95

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	95	520
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)	95	520

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	125
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	250	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	250	-
7.5 Unused financing facilities available at quarter end		250
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.		
The Company has executed an Unsecured Loan agreement with ASF Group Limited ("ASF") pursuant to which ASF will provide up to \$250,000 to the Company at an interest rate of 10% per annum maturing on 31 December 2023.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(150)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(25)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(175)
8.4 Cash and cash equivalents at quarter end (item 4.6)	95
8.5 Unused finance facilities available at quarter end (item 7.5)	250
8.6 Total available funding (item 8.4 + item 8.5)	345
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.97
<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: The Company continues to operate with a scarcity mentality.	

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) Following completion of the sale of Key's onshore Perth Basin assets, announced on 30 September 2022, KEY is due to receive 31,368,523 TEG shares to be issued on or before 30 June 2023. The shares are worth A\$627,370 as of 31 December 2022.
- (ii) Key holds 11.3 million ordinary fully paid Pilot Energy shares received by Key from the sale of WA-481-P. Based on the closing price of \$0.016 per share on 31 December 2022, the shares were worth \$181,442 at the end of the quarter; and
- (iii) Key has agreed to a loan facility with ASF Group (ASX: AFA) totalling \$250,000.

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, 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: 31 January 2023

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.