

30 January 2017

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

WA-481-P PROSPECTIVE RESOURCES

We attach herewith an ASX Announcement for Investors pertaining to the WA-481-P Prospective Resources.

Regards



IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED

ASX ANNOUNCEMENT

WA-481-P PROSPECTIVE RESOURCES

Highlights

- 13 prospects offer total prospective oil and gas resources of up to 435 MMBOE
- Largest oil prospect offers potential for up to 78 MMBbls
- Four primary trends identified for future exploration
- Cliff Head, Dunsborough and Frankland trends substantially de-risked by prior discoveries
- Dunsborough and Frankland Contingent resources upgraded

Key Petroleum Limited (the **Company**, ASX: KEY) is pleased to announce the results of a prospective resources assessment for exploration permit WA-481-P, further to the prospectivity update released on 20 December 2016.

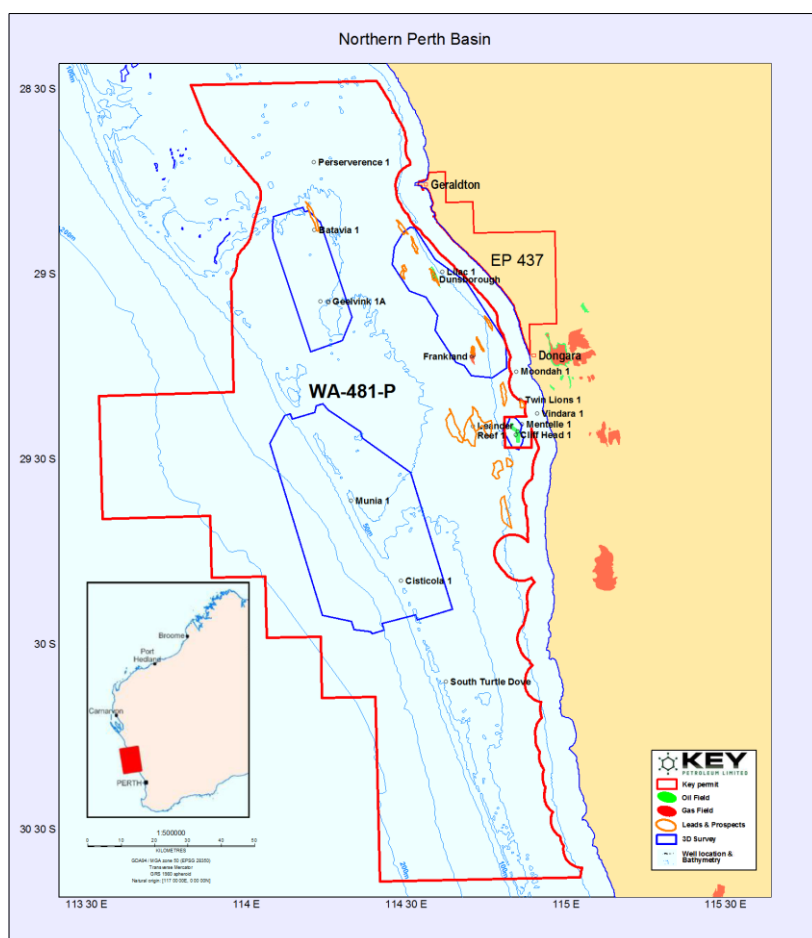
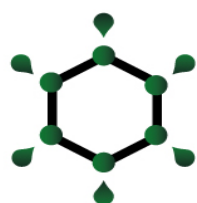


Figure: WA-481-P Discoveries and Prospects Map



The Operator, Pilot Energy Limited (“Pilot”) undertook this study on behalf of the Joint Venture and has a 60% working interest in the permit. The permit is located in shallow waters to the west of the onshore Dongara/Beharra Springs/Waitsia gasfields, and the Jingemba/Hovea/Cliff Head oilfields. Key operated permit EP437 lies approximately 10km to the east. The permit is very large (17,475 km²) and covers a major portion of the offshore extension of the North Perth Basin. The primary petroleum plays are for oil and/or gas within the Dongara Sandstone and the Irwin River Coal Measures, both of which produce oil at Cliff Head.

Both oil and gas are proven within the permit, with the Frankland gas and the Dunsborough oil discoveries offering 2C contingent resources of 42 Bcf gas and 6 MMBbls oil respectively. These discoveries could likely be developed in the event of exploration success in adjacent prospects, or further improvement in oil and gas prices.

The total prospective resources for the four primary trends in the permit, are as follows:

Trend	No. of Prospects	Gross (100%) MMBOE		
		Low	Best	High
Cliff Head South Oil	4	59.1	106.8	186.4
Dunsborough Oil	4	18.6	35.3	69.8
Frankland Gas	2	4.8	7.6	11.7
Leander Reef Oil	3	55.9	98.1	168.0
Total	13	138.4	247.8	435.9

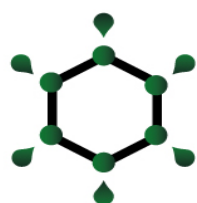
Note: Prospective Resources for both oil and gas prospects, arithmetically summed for each trend, are reported above in MMBOE. Assumed conversion factor for Frankland trend gas prospects is 6 Bcf per MMBOE. The prospective resources for each of the two reservoir targets have been arithmetically summed to provide total prospective resources for each prospect.

Pilot is in the process of revising the WA-481-P technical presentation, as released on 20 December 2016, and will provide an updated version within the coming days.

In addition to the three prospect trends announced on 20 December 2016, a fourth trend in the vicinity of the Dunsborough oil discovery has been upgraded as a focus for future exploration. The four trends, and their respective prospective resources are as follows.

Cliff Head South Oil Trend

The Cliff Head South play incorporates four structural prospects to the south and west of the Cliff Head oil field. Two of these structures are larger than Cliff Head and are ideally situated, directly between Cliff Head and the hydrocarbon source kitchen to the west. The oil within Cliff Head would have migrated directly through this area, resulting in a high probability for oil charge in to the prospects. While three of the prospects are sufficiently large to warrant standalone development, even a small discovery could likely be developed by tying back to the Cliff Head offshore facility, approximately 10km to the northeast.



The prospective resources of the Cliff Head South Oil Trend prospects are as follows.

Prospect	Gross (100%) MMBbls			Net to Key (40%) MMBbls		
	Low	Best	High	Low	Best	High
Cliff Head Southwest	25.0	44.8	78.4	10	17.9	31.4
Cliff Head South	6.9	12.7	22.7	2.7	5.1	9.1
Twin Lions West	24.5	44.2	75.8	9.8	17.7	30.3
Twin Lions Updip	2.7	5.1	9.5	1.1	2.0	3.8
Total	59.1	106.8	186.4	23.6	42.7	74.6

Dunsborough Oil Trend

The Dunsborough oil trend is centred about the Dunsborough-1 oil discovery, with structural prospects to the west and northwest.

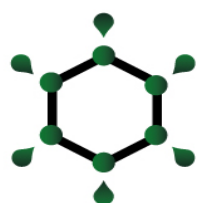
The prospective resources of the Dunsborough Oil Trend prospects are as follows.

Prospect	Gross (100%) MMBbls			Net to Key (40%) MMBbls		
	Low	Best	High	Low	Best	High
Bootenal	4.1	7.9	14.1	1.6	3.2	5.6
Burney	1.8	4.1	9.8	0.7	1.6	3.9
Batavia	8.8	15.4	31.3	3.5	6.2	12.5
Yungarra	3.9	7.9	14.6	1.6	3.2	5.8
Total	18.6	35.3	69.8	7.4	14.2	27.8

Frankland Gas Trend

The Frankland gas trend lies to the northeast of the Frankland-1 gas discovery, which has estimated 2C contingent resources of 42 Bcf gas. Two prospects offer good potential to increase the total resource base to above the minimum economic limit, estimated by Pilot Energy to be 60 Bcf gas at a gas sales price of A\$6.50 per mmbtu.

Importantly this play has been substantially de-risked by the Frankland-1 discovery, which flowed gas at commercial rates from the two reservoir targets. In the event of future exploration success, commercialisation of two or more fields could occur as a hub, tied back to the onshore Dongara gas facility located some 20km to the east.



The prospective resources of the Frankland Gas Trend prospects are as follows.

Prospect	Gross (100%) Bcf			Net to Key (40%) Bcf		
	Low	Best	High	Low	Best	High
Frankland NE	9.7	15.8	24.6	3.9	6.3	9.8
Frankland NE2	18.3	29.8	45.7	7.3	11.9	18.3
Total	28.0	45.6	70.3	11.2	18.2	28.1

Leander Reef Oil Trend

Finally, the Leander Reef area offers potential for large accumulations of oil, within large structures to the west of Cliff Head. While the Leander Reef-1 well was drilled between two of the structures and encountered both oil and gas shows, the prospects remain untested due to the fact that the well intersected a fault at a location where the Dongara reservoir target has been “faulted out” - i.e. reservoir was absent due to movement on the fault.

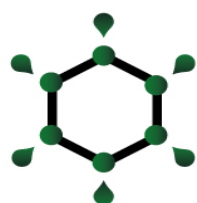
The prospective resources of the Leander Reef Oil Trend prospects are as follows.

Prospect	Gross (100%) MMBbls			Net to Key (40%) MMBbls		
	Low	Best	High	Low	Best	High
Leander Reef Upthrown	26.5	46.1	78.1	10.6	18.4	31.2
Leander Reef Downthrown	21.4	38.0	66.3	8.6	15.2	26.5
Leander Reef W	8.0	14.0	23.6	3.2	5.6	9.4
Total	55.9	98.1	168	22.4	39.2	67.1

Contingent Resources

Further to the announcement of 20 December 2016, contingent resources for the Dunsborough and Frankland discoveries have been upgraded slightly, as follows:

Discovery	Gross (100%) Bcf			Net to Key (40%) Bcf		
	1C	2C	3C	1C	2C	3C
Frankland Gas	29.5	41.6	58.9	11.8	16.6	23.6



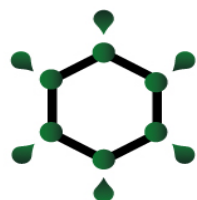
Discovery	Gross (100%) MMBbls			Net to Key (40%) MMBbls		
	1C	2C	3C	1C	2C	3C
Dunsborough Oil	3.3	6.0	9.8	1.3	2.4	3.9

Notes:

1. Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a chance of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. Contingent Resources are the estimated quantities of petroleum that may be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies
3. The estimates of Prospective Resources and Contingent Resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE).
4. The Contingent Resources were estimated by mapping the extent of the prospect using seismic data and applying ranges of volumetric parameters based on regional data, including recovery efficiencies. The Contingent Resources were calculated probabilistically and the two reservoir targets were arithmetically summed in order to provide estimates for the prospect as a whole. Gross Contingent Resources are 100% of the on-block volumes estimated to be recoverable from the field.
5. The Prospective Resources were estimated by mapping the extent of the prospects using the seismic data and applying ranges of volumetric parameters based on regional data. Recovery efficiencies were estimated using generalized recovery factors and parameters were then combined probabilistically for each reservoir target. The total prospective resources for each prospect were then determined by the arithmetic total of prospective resources for each of the two reservoir targets.
6. Gross Prospective Resources are 100% of the on-block volumes estimated to be recoverable from the prospects in the event that a discovery is made and subsequently developed.
7. The prospective resources volumes reported are "Unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes. Pilot Energy has estimated the GCoS for each reservoir target in each prospect, as per the tables provided in the Appendix to this announcement.

COMPETENT PERSON'S STATEMENT

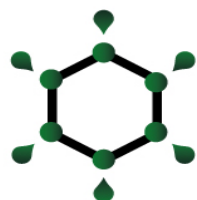
Except where otherwise noted, information in this release related to exploration and production results and petroleum resources is based on information completed by Mr JL Kane Marshall who is an employee of Key Petroleum Limited. Mr Marshall is a Practising Petroleum Engineer and Petroleum Geologist and holds a BSc (Geology), a BCom (Inv & Corp Fin) and a Masters in Petroleum Engineering. He is a member of the Society of Petroleum Engineers (SPE), American Associate of Petroleum Geologists (AAPG), Petroleum Exploration Society of Great Britain (PESGB), Formation Evaluation Society of Australia (FESAus) and Society of Petrophysicists and Well Log Analysts (SPWLA) and has over 15 years of relevant experience. Mr Marshall consents to the inclusion of the information in this document.



Appendix: WA-481-P Detailed Prospective Resources

Oil Prospects

Prospect	Prospective Resources MMbbl			GCoS
	P90	P50	P10	%
	Low	Best	High	
Bootenal Dongara	2.3	4.8	9.1	24%
Bootenal IRCM	1.8	3.1	5.0	24%
Total Bootenal	4.1	7.9	14.1	24%
Burney Dongara	1.1	2.7	6.6	24%
Burney IRCM	0.7	1.4	3.2	24%
Total Burney	1.8	4.1	9.8	
Batavia Updip Oil	8.8	15.4	31.3	27%
Yungarra Dongara	3.0	6.3	11.9	24%
Yungarra IRCM	0.9	1.6	2.7	24%
Total Yungarra	3.9	7.9	14.6	
Cliff Head SW Dongara	11.0	20.0	35.0	16%
Cliff Head SW IRCM	14.0	24.8	43.4	20%
Cliff Head SW Total	25.0	44.8	78.4	
Cliff Head S Dongara	2.1	4.0	7.3	13%
Cliff Head S IRCM	4.8	8.7	15.4	17%
Cliff Head S Total	6.9	12.7	22.7	
Twin Lions W Dongara	13.0	24.6	43.4	16%
Twin Lions W IRCM	11.5	19.6	32.4	16%
Twin Lions W Total	24.5	44.2	75.8	
Twin Lions Updip Dongara	0.7	1.3	2.5	13%
Twin Lions Updip IRCM	2.0	3.8	7.0	11%
Twin Lions Updip Total	2.7	5.1	9.5	
Leander Reef Upthrown	26.5	46.1	78.1	15%
Leander Reef Downthrown	21.4	38.0	66.3	8%
Leander Reef West	8.0	14.0	23.6	15%
TOTAL ALL PROSPECTS OIL	Prospective Resources MMbbl			
	Low	Best	High	
	133.6	240.2	424.2	



Gas Prospects

Prospect	Prospective Resources Bcf			GCoS
	P90	P50	P10	%
	Low	Best	High	
Frankland NE Dongara	7.4	12.0	18.6	31%
Frankland NE IRCM	2.3	3.8	6.0	27%
Total Frankland NE	9.7	15.8	24.6	
Frankland NE 2 Dongara	13.5	21.8	33.5	27%
Frankland NE 2 IRCM	4.8	8.0	12.2	23%
Total Frankland NE 2	18.3	29.8	45.7	
TOTAL ALL PROSPECTS GAS	Prospective Resources Bcf			
	Low	Best	High	
	28.0	45.6	70.3	