

13 June 2019

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

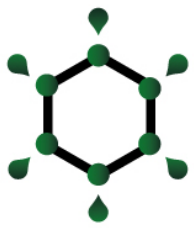
**PERTH BASIN EXPLORATION UPDATE**

Key Petroleum Limited attaches herewith an ASX Announcement pertaining to exploration activities in EP 437 located in the Perth Basin, Western Australia.

Regards

A handwritten signature in black ink, appearing to read "I. Gregory", with a large, stylized flourish below the name.

**IAN GREGORY**  
Company Secretary  
Key Petroleum Limited



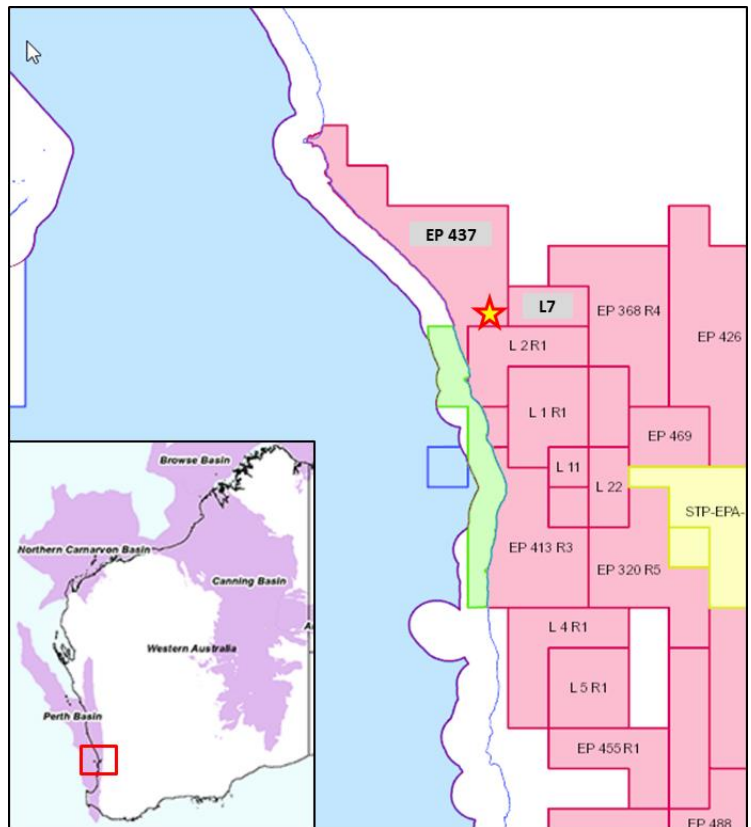
## ASX Announcement

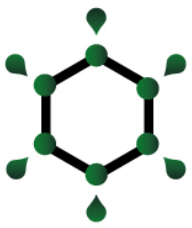
13 June 2019

### PERTH BASIN EXPLORATION UPDATE

Key Petroleum (Australia) Pty Ltd (“Key” or “Company”), a wholly owned subsidiary of Key Petroleum Limited (“KPL”), is pleased to provide the following update in relation to exploration activities in the Perth Basin:

- Terms of the Land Access Agreement for the drilling of the Wye Knot-1 prospect have now been agreed in principle with written confirmation of same having been received from the Landowner;
- Formal execution of the Agreement is expected to occur in the coming weeks;
- Evaluation of a nearby prospect, Parce (located south of the Wye Knot prospect in EP 437), is almost complete and consideration of drilling the prospect as part of the upcoming drilling campaign is under discussion with the Joint Venture;
- Key has identified cost savings and economies of scale which suggest that both wells can be drilled for an amount similar to that originally budgeted for the drilling of Wye Knot-1 alone;
- In principle land access terms for the drilling of Parce-1 have also been agreed with the respective Landowner;
- Scouting, access logistics and preliminary well surveying of Parce have been completed should it be included in the upcoming drilling programme;
- Long lead wellhead and Christmas tree has been secured for Wye Knot-1 by the EP 437 Joint Venture for drilling and if required any production testing
- Key Petroleum Services Pty Ltd has acquired a significant number of long lead items including casing, cellar wells and production tubing, that can be made available to the EP 437 Joint Venture for operations at Wye Knot-1 and, if proceeding, Parce-1;
- The preparation of Well Management Plans for the drilling of Wye Knot-1 and Parce is underway with submission to the regulatory body anticipated early in the second half of 2019;
- If drilled, Parce-1 will satisfy the JV’s 2021 permit work obligation to drill a second well in EP 437; and
- Although having secured DCA Rig 7 via KPS, other rig options have been assessed to ensure the most competitive prices are achieved for the upcoming drilling campaign with a final selection to be by end July 2019.

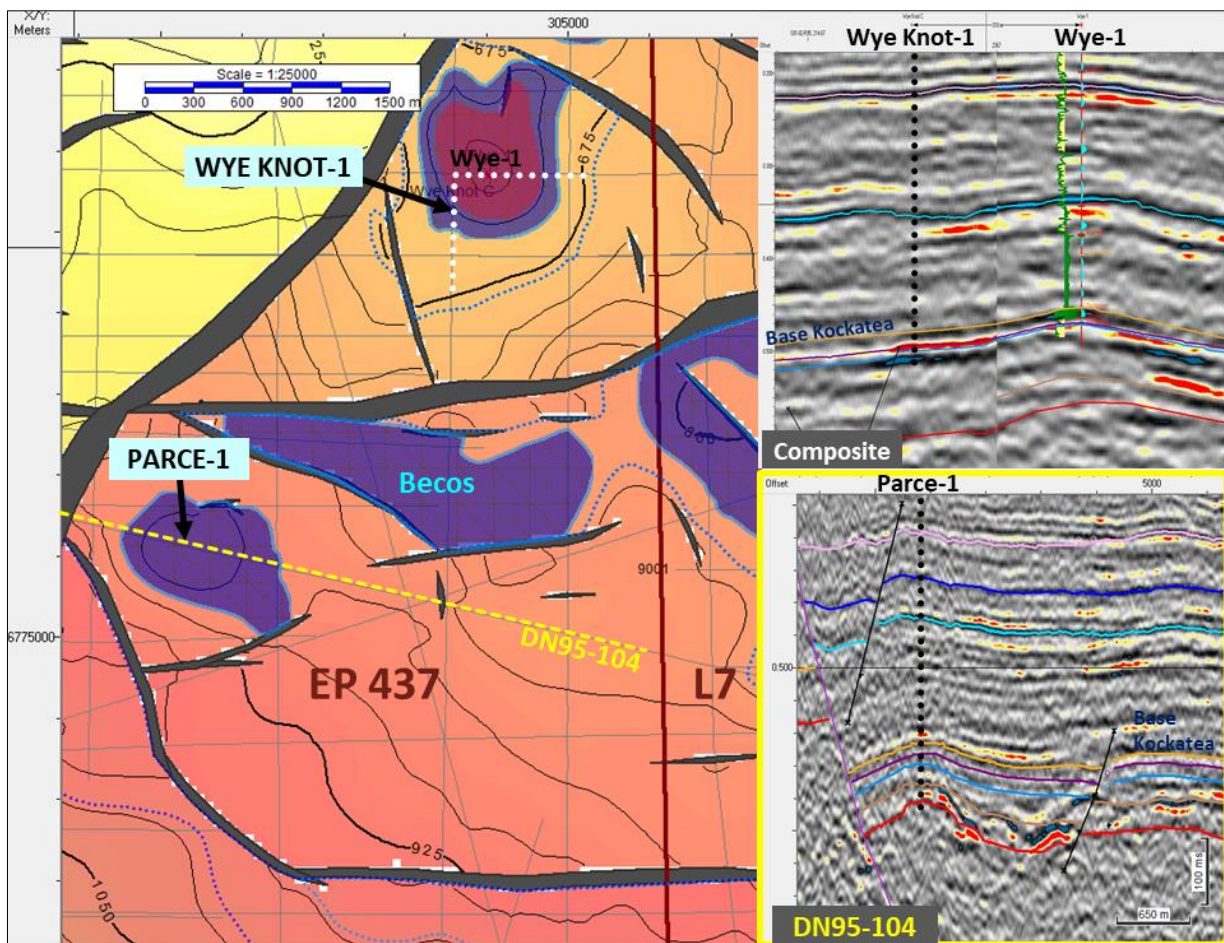




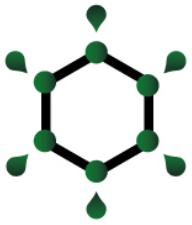
Preparatory work pertaining to exploration activities in EP 437 has continued throughout with Key, as Operator of the Joint Venture, now in a position to expedite the process with a view to commencing on ground operations during the fourth quarter of 2019.

Managing Director Kane Marshall stated “We have spent a considerable amount of time in sourcing long lead items for drilling activities in the Perth Basin, with the Company being able to achieve exceptional cost savings via its extensive industry network and on ground experience. With these savings it is expected that Key will be in a position to drill the two wells, Parce-1 and Wye Knot-1, for an amount similar to that originally budgeted for the drilling of Wye Knot-1 alone. With protracted land access negotiations now behind us we look forward to moving ahead with the Perth Basin operations and will continue to update our shareholders with progress reports.”

Key Petroleum Limited (ASX:KEY), via wholly owned subsidiaries Key Petroleum (Australia) Pty Ltd (Operator) and Key Midwest Pty Ltd, holds an 86.94% interest in EP 437 with Pilot Energy Limited (ASX:PGY) holding a 13.06% interest in the permit.



*Parce-1 and Wye Knot-1 Drilling Locations*



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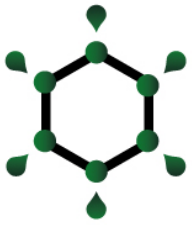
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*KPS secured 9 5/8" and 7" casing joints*



*KPS secured 3 1/2" production tubing (left) and Key Production Christmas Tree (right)*



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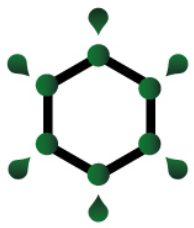
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*Parce Landowner with Exploration Manager, Ric Jason, pegging an area proximal to the Parce-1 well location*



*Assessing vehicle access into the Parce-1 location*



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*Key personnel and Parce Landowner - access road adjacent to drilling area*

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), Petroleum Exploration Society of Australia (PESA), Formation Evaluation Society of Australia (FESAus) 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.*