

23 December 2019

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

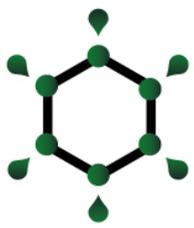
**ACCESS GRANTED FOR KINGIA AND HIGH CLIFF TARGETS**

Key Petroleum Limited attaches herewith an ASX Announcement pertaining to a landmark and material access agreement formalised to facilitate drilling and 3D seismic acquisition of a number of Kingia and High Cliff targets in Key's Bookara Shelf Project.

Regards



**IAN GREGORY**  
Company Secretary  
Key Petroleum Limited



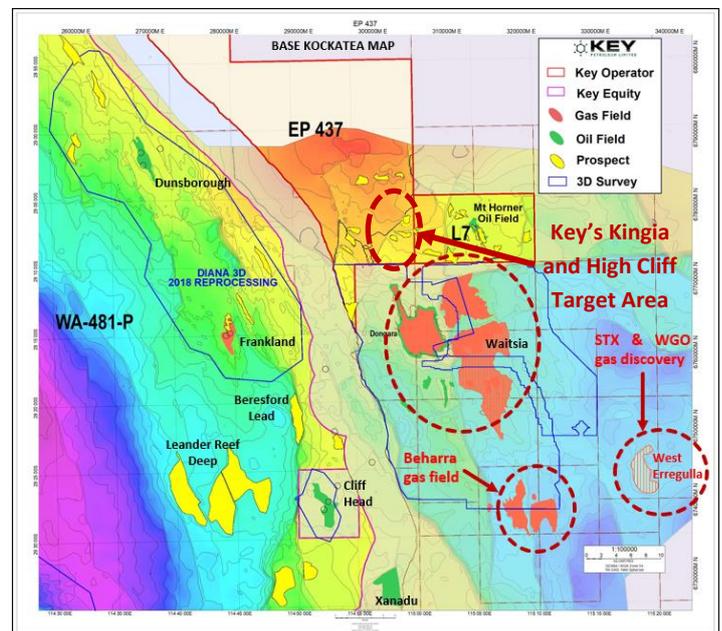
ASX Announcement

23 December 2019

## ACCESS GRANTED FOR KINGIA AND HIGH CLIFF TARGETS

Key Petroleum (Australia) Pty Ltd (“Key” or “Company”), a wholly owned subsidiary of Key Petroleum Limited, is pleased to announce that as Operator on behalf of the EP 437 Joint Venture (Key 86.43% and Pilot Energy Limited 13.86%) that a landmark material access agreement has been executed to progress exploration drilling of the Kingia and High Cliff targets in on this western and southern part of Key’s Bookara Shelf Oil Project:

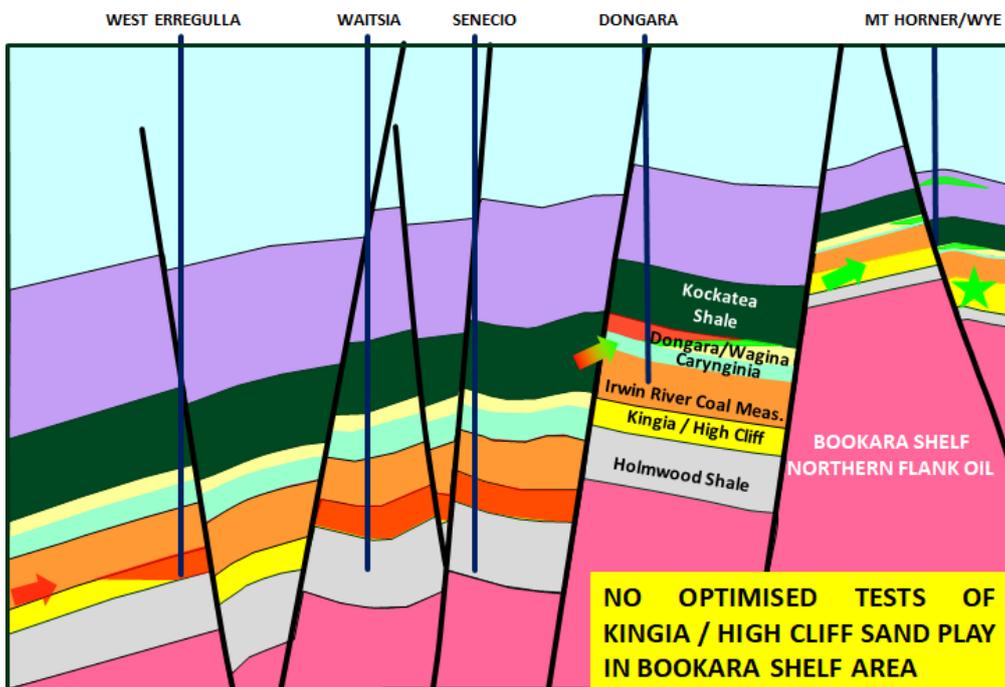
- The Land Access and Compensation Agreement (“Agreement”) has been executed between the landowner and Key that includes compensation terms for all activities from exploration, appraisal, development and production to be undertaken:
  - 2D or 3D seismic acquisition with associated rehabilitation;
  - Three exploration wells with any open hole, cased hole or extended production testing;
  - Geochemical survey; and
  - Petroleum Operations:
    - Clearing of any two-hectare area around a wellbore that discovers petroleum;
    - Development well or wells to be within any two-hectare area;
    - Any areas to include access road, installation of tanks, beam pumps, sheds and ponds as part of production infrastructure.
- The Agreement covers the Becos, Parce and Becos South Prospects which are considered multi-level objectives, including at the Kingia and High Cliff level;
- Prospects are located adjacent to the Mount Horner Oil Field and south of the Wye discovery and importantly the entire trend consisting of the Becos, Parce and Wye Knot prospects all now have agreed access terms for drilling;
- All approvals for the drilling of Wye Knot-1 have been lodged with the Regulator and the Joint Venture is now considering Parce-1 as a firm candidate given this Agreement covers these material Kingia and High Cliff prospective areas. A well location for Parce-1 has been delineated for drilling; and



*Kingia and High Cliff target area subject to the Access Agreement and relevance to Waitsia, Dongara, West Erregulla and Beharra Fields*

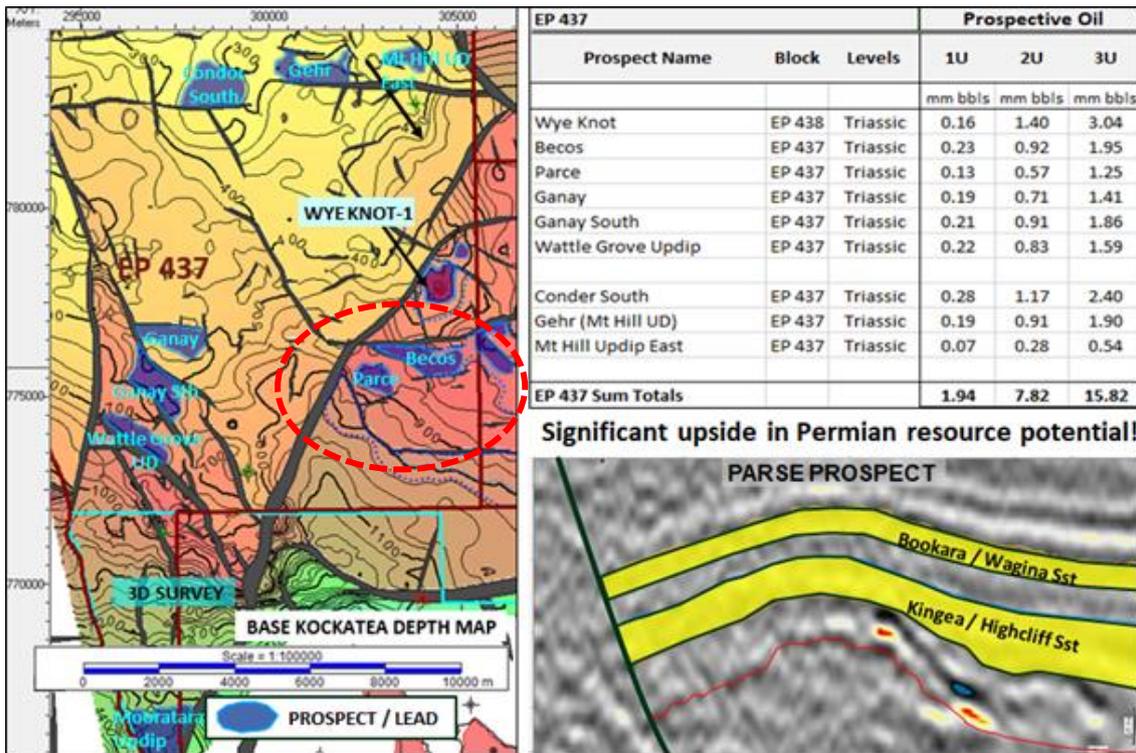
- Kingia and High Cliff sequences are the primary reservoirs within the Waitsia Gas Field south of Key’s Bookara Shelf Oil Project and are also expected to be at the same primary intervals within the Parce and Wye Knot Prospects located within the southern area of EP 437:
  - Prospective resources were previously reported for EP 437 as 1.94 mm bbls (1U and low case), 7.82 mmbbls (2U and base case) and 15.82 mmbbls (3U and high case)<sup>1</sup>;
  - Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. Further exploration appraisal and evaluation are required to determine the existence of a significant quantity of potentially moveable hydrocarbons (refer Prospective Resource Notes on last page of this announcement for Resource Estimate Determination for EP 437).

Commenting on the maturation of the Bookara Shelf Oil Project, Managing Director Kane Marshall commented “this is a landmark agreement and one of the few in the Perth Basin that covers compensation from exploration right through to production in a known hydrocarbon province, adjacent to discoveries with wells in the area that have had hydrocarbon recovery from the same Permian sequence that has been the subject of discovery success south at Beharra and West Erregulla. Land access in the Perth Basin can result in large delays to projects and across Key’s Bookara Shelf Oil Project we now have a clear pathway to commence not only exploration activities but accelerate any petroleum discovery to production in the event of exploration discovery success”.

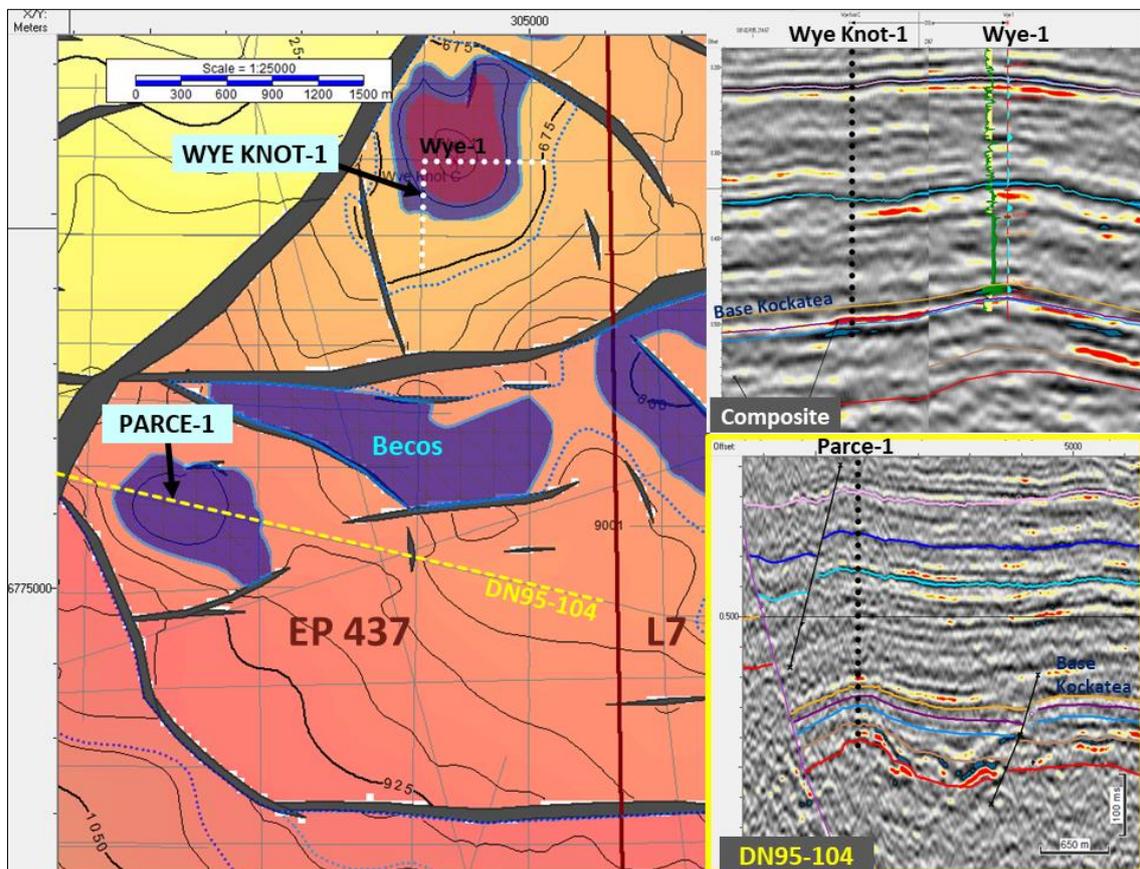


*Bookara Shelf prospectivity updip, and on trend from Waitsia, Dongara and West Erregulla Fields*

<sup>1</sup> As reported to the ASX as at the evaluation date on 22 November 2018



Wye Knot, Becos and Parce Prospect details lying on trend from Waitsia, Dongara and West Erregulla Fields





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), Formation Evaluation Society of Australia (FESAus), Petroleum Exploration Society of Australia (PESA), South East Asia Petroleum Exploration Society (SEAPEX) 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.*

**Prospective Resources**

Notes:

- Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These estimates have both an associated risk of discovery and development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons;
- The EP 437 prospectivity includes a range of geological chances of success estimated to be in the range from 4 to 27%, largely based on the existing 2D seismic data coverage. This data is of sufficient enough quality, with high signal to noise ratio to give confidence in the structural closures and therefore the resulting defined prospects. The evaluation date is of 22 November 2018;
- The estimate of Prospective Resources included in the announcement have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System ("PRMS") as revised in June 2018 by the Society of Petroleum Engineers. The PRMS defines prospective resources as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations;
- Key has applied a range of volumetric parameters based on regional data including all the wells in the surrounding producing fields;
- Recovery efficiencies were estimated using generalised recovery factors which Key assessed as reasonable and benchmarked from production data from Dongara and Hovea fields. These fields are to the south of EP 437;
- The prospective resource parameters for the prospects were combined probabilistically and then the volumes for each prospect were summed arithmetically to give each category of prospective resource;
- Gross Prospective Resources are 100% of the on-block volumes that are estimated to be recoverable from the Prospects in the event that a discovery is made and subsequently developed; and
- The volumes reported are "Unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes but currently are considered in the low to moderate range as depicted above.