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30 October 2020

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

QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

Key Petroleum Limited attaches herewith Quarterly Activities Report and Appendix 5B for the period ended 30 September 2020.

This announcement has been authorised by the Board of Directors.

For more information please contact:

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ABN: 50 120 580 618

Quarterly Report

For the period ended 30 September 2020

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ACN 120 580 618

Update on Activities

Highlights for the Quarter

- Triangle's share of ongoing permit management costs to the end of August 2020 were paid by a cash call issued by Key to A.C.N. 008 939 080 Pty Ltd (Triangle's subsidiary).
- Key has commenced the planning preparations for the Bookara 3D Seismic Survey for which Triangle has agreed to fund as per the current Farmout Agreement. While this represents a significant change from Key's previously reported position on 4 August 2020 with respect to the Farmin Work Program and Budget it clearly demonstrates that both companies are attempting to set aside any differences in the interest of progress.
- On 8 September 2020 Key announced the sale of its 40% interest in WA-481-P to Pilot Energy Limited.
- Subsequent to this announcement, the WA-481-P Sale Agreement was fully executed on 6 October 2020 with the process of the transfer ongoing.
- Key will receive two tranches totalling 21 million shares in Pilot for the sale of this interest, comprising:
  - 4,276,703 ordinary fully paid shares in Pilot, which were issued within three days of 6 October 2020; and
  - 16,723,297 ordinary fully paid shares within three days of satisfaction of all conditions precedent, which includes the approval of Pilot Shareholders.
- Effective 31 August 2020, the Key Board underwent a restructure. This included the retirement of Mr Rex Turkington as Chairman and Mr Kane Marshall as Managing Director. Mr Ric Jason, the Company's Exploration Manager, has assumed the role of interim Chief Executive Officer and Non-Executive Director, Mr Geoff Baker, has moved into the role of Chairman.

Activities Subsequent to the End of the Quarter

- A number of companies are currently assessing Key's Perth and Cooper Eromanga Basin permits with a view to participating in exploration programs.

Activities for the Upcoming Quarter

- Continued focus on Cooper Eromanga Basin exploration programs with ongoing discussions with potential joint venture partners. Planning of Heritage Surveys around the Cooper Eromanga Basin Ace, Taj-1 and Alfajour-1 proposed well locations, pending COVID-19 impacts and associated risks, with remote communities.
- Bookara 3D survey planning activity commenced over a broad area within L7. The activities include a Botanical Survey and a high-resolution aerial photo survey as well as the engagement of stakeholders for the proposed activities.
- Key is currently assessing its options with respect to maturing the EP 437 prospectivity with the hope of providing an update to shareholders in the upcoming quarter.
- Continuing to monitor the COVID-19 pandemic and associated restrictions, with a view to revert to previously planned operational schedules should conditions improve.

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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

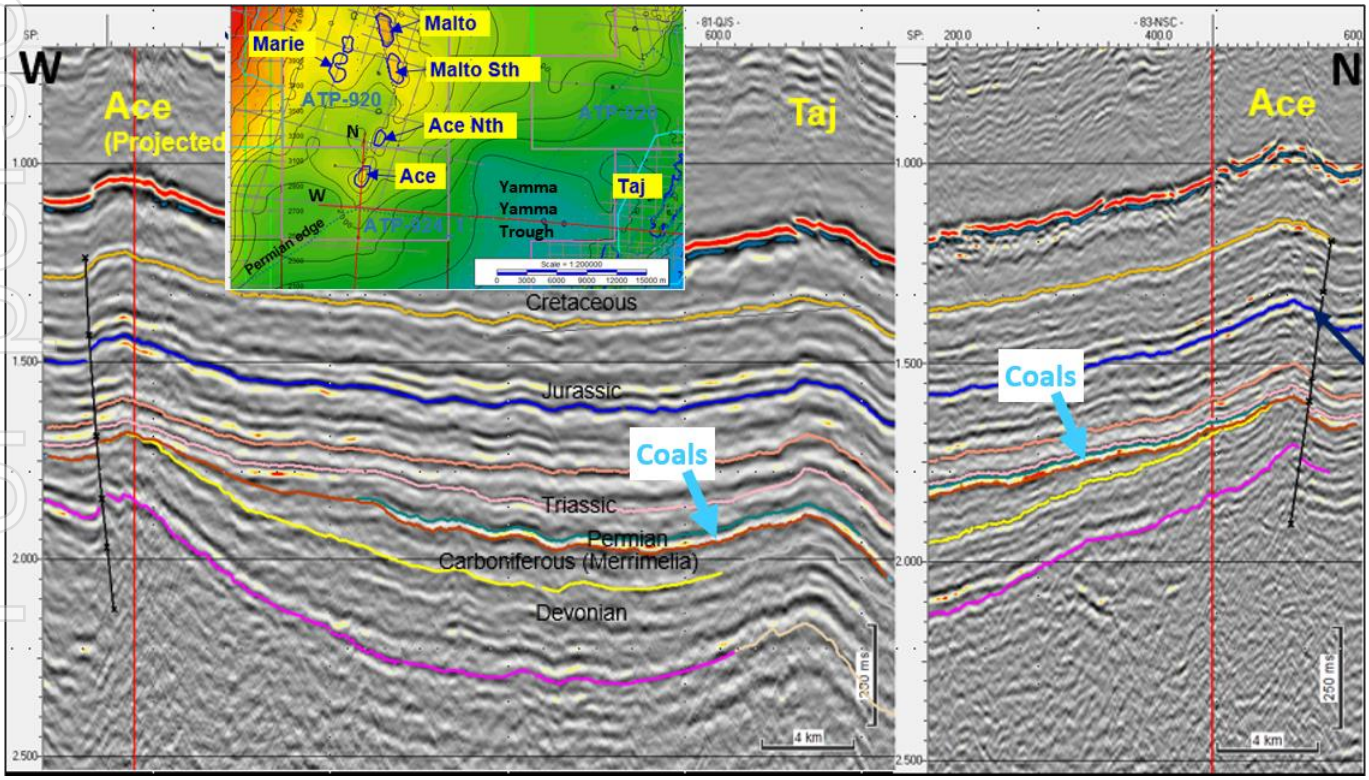
Key Petroleum Limited (Operator) (via wholly owned subsidiary)	*75.00%*
Pancontinental Oil and Gas NL	**25.00%*

**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%*

As part of the ongoing discussions with potential farmin partners Key provides an update on the investigation of source rock distribution near to high graded prospects north of established Patchawarra Formation pinch outs. While the seismic data is sparse, particularly within the Yamma Yamma Trough, the evidence for Permian coaly facies is unequivocal. The study demonstrates a significant northern transgression of the basin margin during the Late Permian where peat swamps would have accumulated the principal source rocks of the Cooper Basin adjacent to Key's prospect trends.



Clear seismic evidence for Permian coaly source rocks in Yamma Yamma Trough between Ace and Taj Prospects

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Bookara Shelf Oil Project (Onshore Perth Basin – EP 437 and L7)

L7 (Mount Horner) Summary

Key Petroleum Limited (Operator) (via wholly owned subsidiary)	*50%*
Triangle Energy (Global) Limited (via wholly owned subsidiary)	**50%*

* *Triangle is to earn 50% by completing the Farmin Program consisting of a minimum of 50 square kilometres of 3D seismic and the drilling of a minimum of two (2) wells*

- Preparations commenced for planning activities to conduct the Bookara 3D Seismic Survey in 2021 with Triangle agreeing to fund these activities as part of the Farmin Work Program. The activities commenced in the subsequent quarter include Survey design, a Botanical Survey and high resolution aerial photo survey as part of the environmental approvals, as well as the engagement of all stakeholders to co-ordinate the timing of the survey.
- Shareholders will be updated with further details including the agreed layout of the Bookara 3D seismic survey once finalised.



Recent reconnaissance view from Mount Horner looking west to production facility and tree farm

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EP 437

Key Petroleum Limited (Operator) (via wholly owned subsidiary)	*86.94%*
Pilot Energy Limited	*13.06%*

- Key is currently assessing its options with respect to the maturing the Bookara Shelf prospect fairway, which includes the Wye Knot, Becos and Parce prospects, and hopes to update shareholders in the following quarter.

Northern Perth Basin (Offshore)

WA-481-P

Key Petroleum Limited (via wholly owned subsidiary)	*40%*
Pilot Energy Limited (Operator)	*60%*

- On 8 September 2020 Key announced the sale of its 40% interest in WA-481-P to Pilot Energy Limited.
- Subsequent to this announcement, the sale agreement was fully executed on 6 October 2020.
- Key will receive two tranches totally 21 million shares in Pilot for the sale of this interest, comprising:
  - 4,276,703 ordinary fully paid shares in Pilot within three days of 6 October 2020; and
  - 16,723,297 ordinary fully paid shares within three days of satisfaction of all conditions precedent, which includes the approval of Pilot Shareholders.

Corporate and Current Outlook for Key

- At the end of the September 2020 quarter the Company had A$141,000 cash on hand which has been enhanced by a further for A$250,000 loan funds pursuant to the recently signed Loan Agreement.
- These funds and an expected return of deposits will provide sufficient funds to cover in excess of two-quarters cash requirements of the Company.
- Cash receipts are expected from Triangle, Key's joint venture partner in L7, for planning activity related to the Bookara 3D Seismic Survey.
- The completion of the majority of rehabilitation works prior to August will lower any associated costs in the coming months.
- The Company has received the first tranche of (4,276,703) Pilot shares from the sale agreement for Key's 40% interest in WA-481-P.
- Amounts noted at Item 6.1 and 6.2 on the Appendix 5B for the period include aggregate amounts paid to directors including salary, directors' fees and superannuation.

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Petroleum Permit Schedule

Petroleum Permit	Type	Location	Interest at Beginning of Quarter	Interest at End of Quarter	Acquired during Quarter	Disposed during Quarter
L7	Production Licence	Perth Basin, WA	50% ■	50%	-	-
EP 437	Exploration Permit	Perth Basin, WA	86.94%	86.94%	-	-
WA-481-P	Exploration Permit	Offshore Perth Basin, WA	40%	40%	-	-
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%	-	-

■ Triangle is to earn 50% by spending US$3 million, subject to the Farmout Agreement announced 31 October 2018

▲ 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: 30 October 2020
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.

Prospective oil in place and recoverable reserve estimates have been made under the Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS). Mr Marshall has compiled the information in this release as a Practising Petroleum Engineer and Geoscientist who consents to the release of the information. The Company is compliant with reporting of estimates as defined in Chapter 5 of the ASX Listing Rules.

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.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Key Petroleum Limited

ABN	Quarter ended ("current quarter")
50 120 580 618	**30 September 2020**

Consolidated statement of cash flows		**Current Quarter $A'000**	**Year to date (3 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	(20)	(20)
	(e) administration and corporate costs	(374)	(374)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	43	43
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(351)**	**(351)**

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	(333)	(333)
	(e) investments	-	-
	(f) other non-current assets	-	-

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2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	4	4
	(d) investments	15	15
	(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) Reimbursement of rehabilitation expenses	164	164
2.6	**Net cash from / (used in) investing activities**	**(150)**	**(150)**

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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	642	642
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(351)	(351)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(150)	(150)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**141**	**141**

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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	126	627
5.2	Call deposits	15	15
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)**	**141**	**642**

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	134
6.2	Aggregate amount of payments to related parties and their associates included in item 2	11

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.

Item 6.1 and 6.2 include aggregate amounts paid to directors including salary, directors' fees and superannuation.

7.	Financing facilities *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.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		
7.5	**Unused financing facilities available at quarter end**		

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.

On 23 October 2020, the Company announced that a Loan Agreement was entered into with ASF Group Limited ("ASF") pursuant to which ASF will provide up to A$250,000 loan to the Company at an interest rate of 10% per annum maturing on 30 September 2021.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(351)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(333)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(684)
8.4	Cash and cash equivalents at quarter end (item 4.6)	141
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	141
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	0.40

Note: if the entity has reported positive relevant outgoings (i.e. 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.

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: This quarter's operating cash flows was exceptionally high compared with previous quarters due to the following reasons:

(i) one-off payment of accrued annual and long service leaves as well as other statutory entitlements as a result of the retirement of the Managing Director;

(ii) additional expenditures spent during the quarter on rehabilitation works and exploration costs including permit WA-481-P.

Following the sale of its 40% non-operated interest in offshore exploration permit WA-481-P, which was announced on 8 September 2020, the Company anticipates a lower exposure to capital exploration costs in subsequent quarters. The completion of the majority of rehabilitation works prior to August will also lower any associated costs in the coming months.

As such, the Company does not expect that the current level of net operating cash flows will continue in upcoming months.

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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: Below are steps that have been taken or to be taken (if necessary) by the Company to raise further funds:

(i) As noted in item 7.6 above, the Company has entered into a Loan Agreement with ASF amounting to A$250,000;

(ii) the Company anticipates a refund of an A$95,000 Bank Guarantee from the State of Queensland Department of Environment and Sciences during October 2020 for its Cooper Basin ATP 924;

(iii) Cash receipts are expected from Triangle, Key's joint venture partner in L7, for planning activity related to the Bookara 3D Seismic Survey in the next quarter of approximately A$290,000;

(iv) Through the sale to Pilot Energy Limited (Pilot) of its entire 40% participating interest in the WA-481-P Exploration Permit, the Company has acquired 4,276,703 shares in Pilot, which value is estimated at approximately A$125,000 at current market price. Further, the Company is due to be allotted by end of the year 2020 a further 16,276,703 shares in Pilot, which value is estimated at A$500,000. The Company may dispose of its equity holdings in Pilot to provide operating funds, if necessary;

(v) As in the past, the Company has proven track records in raising capital and the major shareholders are supportive in providing further funding if required.

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: The Company expects to manage costs in line with the available funding outlined above and will continue to meet its business objectives.

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: 30 October 2020

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

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[*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.

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