

22 February 2017

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

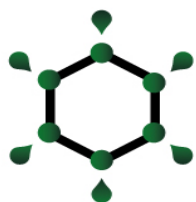
SALE AND PURCHASE AGREEMENT - ATPS 783, 920 AND 924 COOPER EROMANGA BASIN

We attach herewith an ASX Announcement for Investors pertaining to the Sale and Purchase Agreement for ATPs 783, 920 and 924 located in the Cooper Eromanga Basin.

Regards



IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED



KEY
PETROLEUM LIMITED

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ASX ANNOUNCEMENT

SALE AND PURCHASE AGREEMENT – ATPS 783, 920 AND 924 COOPER EROMANGA BASIN

Key Petroleum Limited (ASX:KEY) is pleased to announce that its wholly owned subsidiary Key Cooper Basin Pty Ltd (“Key” or “the Company”) has entered into a sale and purchase agreement with subsidiaries of Beach Energy Limited (“Beach”) to acquire 100% ownership of authorities to prospect ATPs 783, 920 and 924 located in the Cooper Eromanga Basin in Queensland.

The transaction is subject to Ministerial approval and, insofar as the transaction concerns ATPs 920 and 924, it is also conditional on financial assurances required by the Government of Queensland under the Queensland Environmental Protection Act (1994) being no greater than \$300,000.00 (in aggregate).

The consideration for the acquisition is the immediate payment of \$125,000.00 plus the grant to Drillsearch Energy Pty Ltd (a subsidiary of Beach) of a royalty equal to 1.5% of the wellhead value of all petroleum produced, saved and sold from the area the subject of the ATPs.

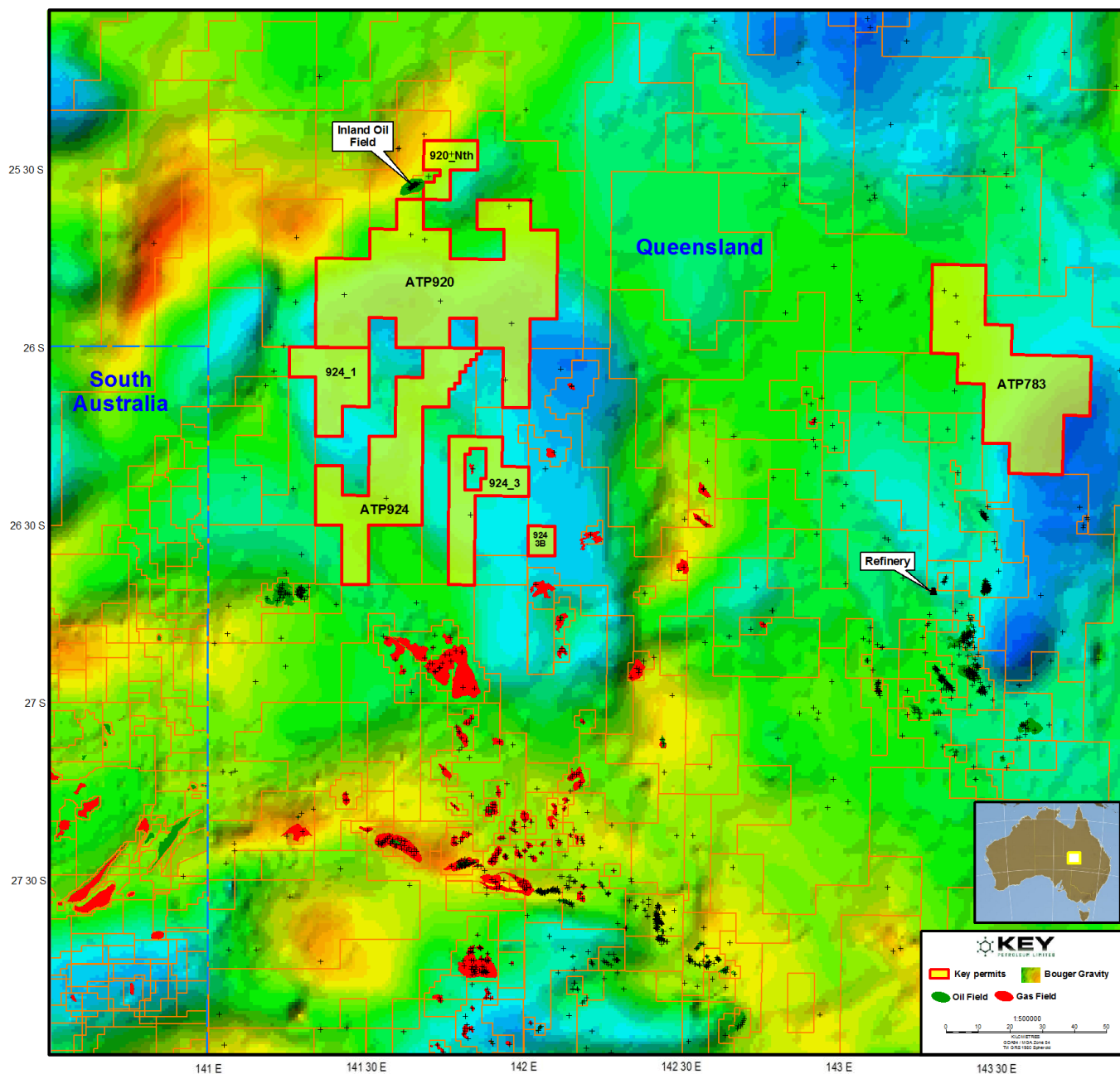
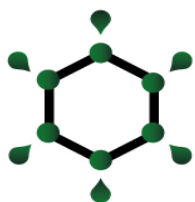
Commenting on the transaction, Managing Director Kane Marshall stated, “Key is delighted to have worked with Beach to secure this opportunity which provides the Company with a cost-effective entry into the Cooper Eromanga Basin. All permits are located in close proximity to established infrastructure, including the Inland Oil Refinery, and a network of gas pipelines with mapped oil and gas prospects and leads which are delineated by recent 2D and 3D seismic acquisition. This asset acquisition is consistent with Key’s exploration strategy and is considered to significantly add value to the Company’s existing portfolio of assets currently located in the Perth and Canning Basins and we look forward to providing shareholders with an update on the Company’s plans for 2017 prior to the end of the current quarter.”

IAN GREGORY

Company Secretary

KEY PETROLEUM LIMITED

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Location of ATP 783, 920 and 924 located in the Cooper Eromanga Basin in close proximity to oil and gas infrastructure as well as known discovered oil and gas fields