

11 August 2014

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

Dear Sir

**DRILLING REPORT NO. 4 FOR DUNNART-2 IN EP437, PERTH BASIN, WESTERN AUSTRALIA
FOR THE PERIOD 0600 HOURS 4 AUGUST 2014 TO 0600 HOURS 11 AUGUST 2014**

We attach herewith ASX Announcement for Investors regarding the drilling activities at Dunnart-2, EP437, Onshore Perth Basin.

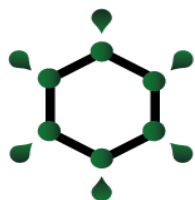
Joint Venture participants in EP437 are:

<i>Key Petroleum Limited (Key Petroleum (Australia) Pty Ltd) (Operator)</i>	<i>43.47%</i>
<i>Rey Resources Limited (Rey Oil and Gas Perth Pty Ltd)</i>	<i>43.47%</i>
<i>Caracal Exploration Pty Limited</i>	<i>13.06%</i>

Regards



IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED



KEY
PETROLEUM LIMITED

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ASX RELEASE

DRILLING REPORT NO. 4 FOR DUNNART-2 IN EP437, PERTH BASIN, WESTERN AUSTRALIA FOR THE PERIOD 0600 HOURS 4 AUGUST 2014 TO 0600 HOURS 11 AUGUST 2014

Since Drilling Report dated 4 August 2014, Key Petroleum Limited ("Key") and DCA crew have completed rig maintenance to the mud tanks and top drive. The BOP and koomey unit were mobilised to site in addition to the mudlogging unit and mud engineer. As of 0600 this morning DCA were completing nipping up of the BOP to the wellhead, including installation of the flare line, choke manifold and BOP test pump. Additional operational personnel including mudloggers and rig crew are being mobilised to site today in preparation for drilling of the reservoir section.

The forward plan is to complete BOP testing, mix and condition mud, conduct a leak off test (LOT) of the 9 5/8" casing shoe, make up the 8 1/2" bottom hole assembly and drill 8 1/2" hole to the Bookara Formation. BOP and leak off testing are expected to take two to three days. Once the 8 1/2" hole has commenced being drilled Key will be issuing daily drilling reports to fully inform the market of all material drilling events. These daily drilling reports could commence at a later stage this week.

The next ASX Drilling Report will be made on the earlier of a weekly basis or where material disclosure is warranted.

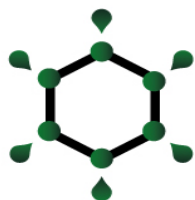
For more information please contact:

Key Petroleum Limited (Tel: +61 8 6389 0322)

Ian Gregory

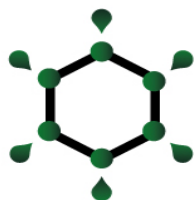
Company Secretary

11 August 2014



DUNNART-2 PETROLEUM EXPLORATION WELL
EP437 – PERTH BASIN

1.	Well Name/Permit:	Dunnart-2 EP437, Perth Basin, Western Australia			
2.	The Report is for the Period:	0600 – 4 August 2014 to 0600 – 11 August 2014			
3.	This ASX Release Time and Date:	1200 EST – 11 August 2014			
4.	Report No:	Four			
5.	Start Date/DCA Rig #7:	13 July 2014			
6.	Days since commencement of drilling operations:	Twenty Nine			
7.	Locations of the Well:	North Perth Basin			
8.	Elevation:	GL	40.96m		
		RT from GL (MSL)	3.5m		
		RT to GL	44.46m		
9.	Proposed Total Depth:	670 metres TVD RT			
10.	Targets:	Primary: Bookara Sandstone Formation			
		Secondary: Basement			
11.	Present Depth:	294m RT at 0600 hours 11 August 2014			
12.	Geological Summary:		Formation Tops (m RT):		
			Prognosed	Actual	Difference
		Yarragadee Sandstone	82m	82m	-
		Cadda Formation	280m	281	+1-
		Bookara Sandstone Formation	617m		
		Basement	670m		



13.	Hydrocarbon Indications:	Oil Shows: None, none expected. Gas Shows: None, none expected.	
14.	Operations since last Report:	Completed all rig maintenance to top drive and mud tanks. Cleaned mud tanks, mobilised BOP and koomey unit to site. Nipple up A section wellhead and drilling spool. Layout flare line and choke manifold.	
15.	Current Operations:	Complete nipple up of BOP to wellhead and conduct BOP testing. Mobilise additional operations personnel.	
16.	Future Operations:	Mix mud, make up 8 ½" bottom hole assembly ("BHA"), conduct formation integrity test then drill 8 ½" hole to primary objective.	
17.	Prospect Description:	The Dunnart prospect is a well-defined moderate relief fault closed structure with the top seal provided by the proven regional seal, the Kockatea Shale which is the source rock for oil discovered to date in the North Perth Basin. The Bookara sandstone is middle to upper shoreface sand which laps the south-western margin of the Northampton Block. Dunnart-1 encountered good oil shows in Bookara sands but was never tested or cored. Estimated prospective resources in the best case estimate are 2 million barrels under SPE-PRMS guidelines.	
18.	Participants in the Well:	Key Petroleum (Australia) Pty Ltd (Operator)	43.47%
		Rey Oil and Gas Perth Pty Ltd	43.47%
		Caracal Exploration Pty Ltd	13.06%