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12 March 2021

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

HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

Key Petroleum Limited attaches herewith the Company's Half Year Report for the period ended 31 December 2020.

This announcement has been authorised by the Board of Directors.

For more information please contact:

IAN GREGORY
Company Secretary
Key Petroleum Limited

Telephone: +61 (0) 8 9381 4322
Email: investors@keypetroleum.com.au

KEY PETROLEUM LIMITED

ABN 50 120 580 618

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2020

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Key Petroleum Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity consisting of Key Petroleum Limited ("Key", "the Company" or "the Group") and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Geoffrey Baker

Dennis Wilkins

Min Yang

Dongmei (Yvonne) Ye, appointed 18 December 2020

Rex Turkington, resigned 31 August 2020

Kane Marshall, resigned 28 August 2020

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2020	
	Revenues	**Results**
	$	**$**
Group revenues and loss	555,038	(2,586,157)

During the half year ended 31 December 2020 the company worked towards finding an agreed path forward for the L7 Joint Venture with A.C.N. 008 939 080 Pty Ltd, a subsidiary of Triangle Energy (Global) Limited (**Triangle**), despite the earlier stalemate in the beginning of the half year period. In conjunction with the discussion over Triangle's L7 commitments, Key continued in its attempt to include EP 437 as part of a combined exploration effort on the Bookara Shelf, in the northern Perth Basin.

As part of the commitment of both Key and Triangle to find a workable solution to progress activity in L7 and the greater Bookara Shelf area of the onshore northern Perth Basin, a 'Standstill period' of 3 months was agreed on 15 September 2020. In return Triangle agreed to provide funds to cover and commence planning activities for the Bookara 3D survey. At the end of the reporting period the proposed Bookara 3D survey area totalled 134 square kilometres covering a greater area of L7 and extending into EP 437 and L2 to the south, to tie into the existing Irwin 3D. Part of the planning activities included the purchase of approximately 200 square kilometres of a high resolution aerial photo survey to assist with access and environmental approvals.

COVID-19 impacts continued to be felt throughout the half year with long standing Western Australian border closures. Towards the end of the half year Key approached the Department of Mines, Industry Regulation and Safety, Western Australia (**DMIRS**) to discuss the EP 437 work program, for the purpose of acquiring a larger 3D survey that encompasses L7 and west into parts of EP 437, including Wye Knot and other identified prospects. Subsequent to the end of the reporting period on 12 January 2021 DMIRS approved a Variation and Suspension to the EP 437 work program where the Year three commitment is now one well and twenty square kilometres of 3D seismic, to be completed by 27 May 2022.

On 17 August 2020 the company announced that the offshore northern Perth Basin permit, operated by Pilot Energy, had been renewed for a further five years. The R1 renewal area has been carefully selected by the joint venture participants, Key (40%) and Pilot Energy (60% and Operator), in consideration for the forward work program that is designed to target and illuminate the high graded hydrocarbon fairways.

Proceeding the renewal of the permit WA-481-P ("the 481 Permit") on 6 October 2020 Key Petroleum Ltd advised it had entered into an agreement to sell its 40% interest to Pilot Energy Limited (**Pilot**), to rationalise the ownership of the 481 Permit. In consideration for the transfer of this interest, Pilot issued to Key (its nominee Key Perth Basin Investments Pty Ltd) 21 million fully paid ordinary shares in Pilot. At 31 December 2020 the company's shares in Pilot Energy were worth $609,000.

DIRECTORS' REPORT (CONTINUED)

Corporate

At the end of the interim period the Group had $129,557 cash on hand. Exploration costs for the period were $211,000 and comprised technical work related to drilling in EP 437, prospect evaluation on the Bookara Shelf Oil Project and field surveys in the Cooper Basin. The Company undertook a capital raising during the period by way of a $250,000 loan agreement executed in October 2020 with the ASF Group.

EVENTS SUBSEQUENT TO REPORTING DATE

On 29 January 2021, the Company announced it had entered into a Sale and Purchase Agreement (**Agreement**) and Royalty Deed (**Royalty Deed**) with Triangle to sell to Triangle Key Petroleum (Australia) Pty Ltd's (**Key Petroleum**) 50% participating interest in Production Licence L7(R1) (**L7**) and Key Petroleum and Key Midwest Pty Ltd's (**Key Midwest**) combined 86.94% interest in Exploration Permit EP 437 (**EP 437**) (together, the **Sale**).

As at the date of approval of these financial statements the market value of the Group's financial assets at fair value through profit or loss held at the reporting date has increased to $1,722,000, an increase of $1,113,000 from the market value at the reporting date.

No other matter or circumstance has arisen since 31 December 2020, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the interim period not otherwise disclosed in this report and the interim financial report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.

Geoff Baker
Chair
Perth, Dated 12 March 2021

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 Ric Jason 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 Jason is a practising Petroleum Geologist and holds a BScApp Geology. He is a member of the American Association of Petroleum Geologists (AAPG) and The Petroleum Exploration Society of Australia (PESA), and has over 27 years of relevant experience. Mr Jason consents to the inclusion of the information in this document.

Bentleys
THINKING AHEAD

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the review of the financial statements of Key Petroleum Limited for the period ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 12th day of March 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Half-year 2020 $	2019 $
REVENUE FROM CONTINUING OPERATIONS	**3**	**555,038**	**410,678**
EXPENDITURE			
Depreciation expense		(39,730)	(41,764)
Salaries and employee benefits expense		(163,834)	(36,462)
Corporate expenditure		(56,030)	(63,409)
Consultants costs		-	(1,479)
Administration costs		(244,404)	(293,895)
Exploration costs not capitalised		(99,037)	(132,772)
Finance costs		(4,024)	(6,437)
Share-based payments expense		(3,316)	(6,565)
Impairment of capitalised exploration costs	6	(2,162,815)	-
Impairment of plant and equipment		(158,005)	-
Fair value losses on financial assets		(210,000)	-
LOSS BEFORE INCOME TAX		(2,586,157)	(172,105)
Income tax expense		-	-
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF KEY PETROLEUM LIMITED		(2,586,157)	(172,105)
Basic loss per share for loss attributable to the ordinary equity holders of the company (cents per share)		(0.13)	(0.01)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	31 December 2020 $	30 June 2020 $
CURRENT ASSETS			
Cash and cash equivalents		**129,557**	642,193
Trade and other receivables	**4**	**62,091**	268,735
		191,648	910,928
Assets classified as held for sale	**9**	**900,000**	-
TOTAL CURRENT ASSETS		**1,091,648**	910,928
NON-CURRENT ASSETS			
Receivables		**61,392**	178,562
Financial assets at fair value through profit or loss	**5**	**609,000**	-
Plant and equipment		**1,180**	171,293
Right-of-use assets		**5,127**	33,856
Capitalised exploration costs	**6**	**1,294,913**	4,502,264
TOTAL NON-CURRENT ASSETS		**1,971,612**	4,885,975
TOTAL ASSETS		**3,063,260**	5,796,903
CURRENT LIABILITIES			
Trade and other payables		**287,957**	439,102
Borrowings		**50,000**	-
Lease liabilities		**2,022**	26,369
Provisions	**7**	**12,128**	338,256
		352,107	803,727
Liabilities directly associated with assets classified as held for sale	**9**	**300,000**	-
TOTAL CURRENT LIABILITIES		**652,107**	803,727
NON-CURRENT LIABILITIES			
Lease liabilities		**3,438**	4,305
Provisions	**7**	**2,954**	1,269
TOTAL NON-CURRENT LIABILITIES		**6,392**	5,574
TOTAL LIABILITIES		**658,499**	809,301
NET ASSETS		**2,404,761**	4,987,602
EQUITY			
Issued capital	**8**	**42,515,302**	42,515,302
Reserves		**32,950**	756,674
Accumulated losses		**(40,143,491)**	(38,284,374)
TOTAL EQUITY		**2,404,761**	4,987,602

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Issued Capital $	Share-Based Payments Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2020	**42,515,302**	**756,674**	**(38,284,374)**	**4,987,602**
Loss for the half-year	**-**	**-**	**(2,586,157)**	**(2,586,157)**
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**(2,586,157)**	**(2,586,157)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Share based payments	**-**	**3,316**	**-**	**3,316**
Expiry of options	**-**	**(727,040)**	**727,040**	**-**
BALANCE AT 31 DECEMBER 2020	**42,515,302**	**32,950**	**(40,143,491)**	**2,404,761**
BALANCE AT 1 JULY 2019	41,314,075	746,165	(38,138,452)	3,921,788
Loss for the half-year	-	-	(172,105)	(172,105)
Other comprehensive income, net of tax	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	(172,105)	(172,105)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Issue of shares	655,294	-	-	655,294
Share issue costs	(47,715)	-	-	(47,715)
Share based payments	-	6,565	-	6,565
BALANCE AT 31 DECEMBER 2019	41,921,654	752,730	(38,310,557)	4,363,827

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Half-year 2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**4,011**	411,455
Payments to suppliers and employees		**(505,107)**	(303,278)
Interest received		**4,451**	533
Payment of finance costs		**(3,106)**	(6,437)
Government grants		**104,556**	-
Net cash (outflow)/inflow from operating activities		**(395,195)**	102,273
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on farmout of permit	**6**	**-**	150,000
Proceeds from sale of plant and equipment		**4,400**	-
Expenditure on petroleum interests		**(398,655)**	(718,052)
Payments for rehabilitation expenses		**-**	(490,551)
Reimbursement of rehabilitation expenses		**156,114**	504,136
Refund of permit guarantee		**95,913**	-
Net cash outflow from investing activities		**(142,228)**	(554,467)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**-**	655,294
Payments for share issue costs		**-**	(45,288)
Proceeds from borrowings		**50,000**	-
Principal elements of lease payments		**(25,213)**	(31,452)
Net cash inflow from financing activities		**24,787**	578,554
Net (decrease)/increase in cash and cash equivalents		**(512,636)**	126,360
Cash and cash equivalents at the beginning of the half-year		**642,193**	446,895
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR		**129,557**	573,255

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 34 *International Financial Reporting*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Key Petroleum Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Estimates and judgements

The preparation of the interim financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and judgement are consistent with those disclosed in the most recent annual financial statements.

Going Concern

The interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the half year of $2,586,157 (2019: $172,105) and net cash outflows from operating activities of $395,195 (2019: $102,273 inflow) for the same period.

The directors have prepared an estimated cash flow forecast for the period to March 2022 to determine if the Company may require additional funding during the next 15 month period. Where this cash flow forecast includes the likelihood that additional amounts will be required and these funds have not yet been secured, it creates uncertainty as to whether the Company will continue to operate in the manner it has planned over the next 15 months.

Where the cash flow forecast includes these uncertainties, the directors are required to make an assessment as to whether it is reasonable to assume that the Company will be able to continue its normal operations. The directors are satisfied that the going concern basis of preparation is appropriate based on the following factors and judgements:

- The Group has access to cash reserves of $129,557 as at 31 December 2020 (30 June 2020: $642,193) and listed equity investments with a market value of $609,000 as at 31 December 2020;
- The Group has the ability to adjust its exploration expenditure subject to results of its exploration activities and has a history of attracting farm-in partners to assist in funding exploration commitments;

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

- The Group has agreed a Sale for its interests in the L7 and EP 437 projects subsequent to the reporting date, for cash proceeds of $600,000 plus a 5% gross overriding royalty payable on production from L7 and EP 437 (refer to note 9 for further details); and
- The directors anticipate the support of the Company's major shareholders to continue with the advancement of the Company's assets.

Should the Directors not achieve the matters as set out above, there is a material uncertainty whether the Group will continue as a going concern and it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different to those stated in the interim financial report.

The interim financial report does not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

NOTE 2: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

Key has identified that it has only one operating segment being exploration for oil and gas in Australia.

NOTE 3: REVENUE AND OTHER INCOME

The Group has the following revenue and other income items for the period:

	31 December 2020 $	31 December 2019 $
Interest from financial institutions	**4,451**	533
Fuel tax credits	**846**	3,212
Consulting fees	**-**	82,955
Recharge income	**-**	320,020
Gain on sale of permit	**463,816**	-
Net gain on disposal of plant and equipment	**3,295**	-
Government grants	**80,400**	-
Other income	**2,230**	3,958
Total	**555,038**	410,678

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

NOTE 4: TRADE AND OTHER RECEIVABLES

	31 December 2020 $	30 June 2020 $
L7 restoration reimbursement receivable	**-**	156,114
Other receivables	**62,091**	112,621
	62,091	268,735

NOTE 5: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020 $	30 June 2020 $
Australian listed equity securities	**609,000**	-

The market value of all equity investments represents the fair value based on quoted prices on active markets (primarily ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

NOTE 6: CAPITALISED EXPLORATION COSTS

Exploration and evaluation costs carried forward in respect of all areas of interest:

		31 December 2020 $	30 June 2020 $
Opening balance		**4,502,264**	3,673,214
Additions to exploration and evaluation costs		**210,647**	979,050
Disposals during the period	(1)	**(355,184)**	(150,000)
Impairment prior to transfer to assets classified as held for sale	(2)	**(2,162,815)**	-
Transferred to assets classified as held for sale	(2)	**(899,999)**	-
Closing balance		**1,294,913**	4,502,264

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective petroleum interests.

(1) During the reporting period the Group completed the sale of its 40% interest in WA-481-P to Pilot Energy Limited (**Pilot**) for consideration of 21 million new ordinary shares in Pilot. The fair value of the consideration at completion was $819,000, resulting in a gain on sale of $463,816.

(2) Subsequent to the end of the reporting period, the Company announced it had entered into the Agreement and Royalty Deed with Triangle to sell to Triangle Key Petroleum's 50% participating interest in L7 and Key Petroleum and Key Midwest's combined 86.94% interest in EP 437. Refer to note 9 for further details.

NOTE 7: PROVISIONS

The Group has the following provisions as at 31 December 2020:

	31 December 2020 $	30 June 2020 $
Current		
Restoration provision (L7)	-	300,000
Long service leave	12,128	38,256
	12,128	338,256
Non-Current		
Long service leave	2,954	1,269
Total provisions	15,082	339,525
Reconciliation – provision for restoration		
Opening balance	300,000	1,336,500
Additions – exploration	-	300,000
Restoration expenses incurred	-	(1,336,500)
Transferred to liabilities directly associated with assets classified as held for sale	(300,000)	-
Closing balance	-	300,000
Reconciliation – provision for long service leave		
Opening balance	39,525	46,683
Additional provision for the period	9,547	(7,158)
Amounts used during the half-year	(33,990)	-
Closing balance	15,082	39,525

NOTE 8: SHARE CAPITAL

	31 December 2020 Number	**31 December 2020 $**	31 December 2019 Number	31 December 2019 $
Ordinary shares – fully paid	**1,967,928,126**	**42,515,302**	1,711,241,849	41,921,654
Total issued capital	**1,967,928,126**	**42,515,302**	1,711,241,849	41,921,654
Reconciliation of movements				
Opening balance	**1,967,928,126**	**42,515,302**	1,549,462,207	41,314,075
- Share placements	**-**	**-**	134,735,844	463,283
- Share purchase plan	**-**	**-**	27,043,798	192,011
- Share issue transaction costs	**-**	**-**	-	(47,715)
Closing balance	**1,967,928,126**	**42,515,302**	1,711,241,849	41,921,654

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	Number of options	
	2020	2019
As at 1 July	**25,500,000**	25,500,000
Movement of options during the half-year		
Expired on 30 November 2020, exercisable at $0.015	**(20,000,000)**	-
As at 31 December	**5,500,000**	25,500,000

	Number of performance rights	
	2020	2019
As at 1 July	**4,000,000**	4,000,000
Movement of performance rights during the half-year		
Lapsed on 28 August 2020	**(4,000,000)**	-
As at 31 December	**-**	4,000,000

NOTE 9: ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 29 January 2021, the Company announced that it had entered into the Agreement and Royalty Deed with Triangle to sell to Triangle Key Petroleum's 50% participating interest in L7 and Key Petroleum and Key Midwest's combined 86.94% interest in EP 437. The Group will receive cash proceeds of $600,000 plus a 5% gross overriding royalty payable on production from L7 and EP 437.

Summary of the key terms of the Agreement and Royalty Deed

Completion of the Agreement is conditional on usual regulatory approvals, execution of a deed of covenant in respect of the EP 437 JOA, Triangle receiving binding commitments for a capital raising of at least $1,000,000 and, if required, Key obtaining the approval of its shareholders under Chapter 11 of the ASX Listing Rules for the Key subsidiaries to sell its interests in these assets. Under the terms of the Agreement:

- Triangle will pay to Key a cash consideration of A$600,000 ($A200,000 of which is payable as a non-refundable deposit, unless Key does not obtain shareholder approval), any outstanding cash calls in respect of L7 based on an agreed work program and budget plus a 5% gross overriding royalty payable on production from L7 and EP 437;
- Subject to Completion occurring, the existing Farmout Agreement between Key and Triangle in relation to the L7 licence at Mt Horner, the execution of which was announced on 31 October 2018, will terminate and the parties will release each other from all claims and liabilities in respect of L7 and the Farmout Agreement, except in relation to certain rehabilitation work undertaken by Key Petroleum prior to execution of the Agreement, including any disputes in respect of the Farmout Agreement (refer announcement by KEY on 4 August 2020); and
- Triangle is guaranteeing the performance by the Triangle subsidiary acquiring the interest under the Agreement and the Royalty Deed.

The fair value of the disposal group has been determined by reference to the estimated fair value of the consideration receivable. This has resulted in the recognition of impairment during the reporting period of $2,162,815 for capitalised exploration costs and $158,005 for plant and equipment.

The following assets and liabilities of the Group have been presented as a disposal group classified as held for sale at 31 December 2020:

	31 December 2020 $	30 June 2020 $
Assets classified as held for sale		
Plant and equipment	**1**	-
Capitalised exploration costs	**899,999**	-
Total assets of disposal group held for sale	**900,000**	-
Liabilities directly associated with assets classified as held for sale		
Provision for restoration	**300,000**	-
Total liabilities of disposal group held for sale	**300,000**	-

NOTE 10: EXPLORATION AND LEASE COMMITMENTS

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	31 December 2020	31 December 2019
	$	$
Within one year	**383,500**	3,992,600
Later than one year but not later than five years	**13,352,400**	12,039,040
	13,735,900	16,031,640

NOTE 11: CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at the reporting date.

NOTE 12: SUBSEQUENT EVENTS

On 29 January 2021, the Company announced it had entered into the Agreement and Royalty Deed with Triangle to sell to Triangle Key Petroleum's 50% participating interest in L7 and Key Petroleum and Key Midwest's combined 86.94% interest in EP 437. The Group will receive cash proceeds of $600,000 plus a 5% gross overriding royalty payable on production from L7 and EP 437.

As at the date of approval of these financial statements the market value of the Group's financial assets at fair value through profit or loss held at the reporting date has increased to $1,722,000, an increase of $1,113,000 from the market value at the reporting date.

No other matter or circumstance has arisen since 31 December 2020, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

NOTE 13: FINANCIAL INSTRUMENTS

The Group's financial instruments consist of trade and other receivables, financial assets at fair value through profit or loss (refer to note 5 for details) and trade and other payables. Receivables and payables are measured at amortised cost, less any provision for non-recovery. The carrying amounts of the financial assets and liabilities approximate their fair value.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Key Petroleum Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Geoff Baker
Chair
Perth,12 March 2021

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of Key Petroleum Limited

Conclusion

We have reviewed the accompanying half-year financial report of Key Petroleum Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Key Petroleum Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

a. Giving a true and fair view of Key Petroleum Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of $2,586,157 during the half year ended 31 December 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of Key Petroleum Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB *134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Bentleys	Mark Delaurentis
BENTLEYS	**MARK DELAURENTIS CA**
Chartered Accountants	**Partner**

Dated at Perth this 12th day of March 2021