



Suite 8, Churchill Court
331-335 Hay Street
Subiaco WA 6008

T: + 61 (0) 8 9381 4322
F: + 61 (0) 8 9381 4455

30 April 2021

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 the Company's Quarterly Activities Report and Appendix 5B for the period ended 31 March 2021.

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

Quarterly Report

For the period ended 31 March 2021



ACN 120 580 618

Update on Activities

Highlights for the Quarter

- ◆ On 12 January 2021, the Department of Mines, Industry Regulation and Safety (DMIRS) granted a 12 month Suspension of the EP 437 Year 3 commitment of one (1) well, and a Variation for twenty (20) square kilometres of 3D seismic to be added to the commitment work program. These commitments are anticipated to be met before the permit term ends on 27 May 2022.
- ◆ On 29 January 2021, the Company announced it had entered into a Sale and Purchase Agreement (Agreement) and Royalty Deed (Royalty Deed) with Triangle Energy (Global) Limited (Triangle) to sell 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). A non-refundable upfront payment of \$200,000 was received by Key with the remaining \$400,000 and a 5% overriding production royalty in each permit to be received once the sale is completed.
- ◆ As part of the Sale process, planning and preparations for the Bookara 3D Seismic Survey continue as a joint venture managed by Key until the sale is completed. The work is to be fully funded by Triangle Energy (Global) Limited in accordance with the current Farmout Agreement.
- ◆ On 26 February 2021, the Department of Natural Resources, Mines and Energy granted Special Amendment for the Renewal work program in ATP 924, in response to Key's application based on the grounds of Force Majeure due to COVID-19 disruptions. The revised work program removes the Year 1 well and estimated \$2.6 million in associated costs.
- ◆ As at the second anniversary for the permits ATP 920 and 924, Key was fully compliant with the revised work program, having submitted a report for remote sensing (satellite imagery), encompassing the permit areas and highlighting the effects of periodic water inundation within the region.

Activities for the Upcoming Quarter

- ◆ Discussions with potential joint venture partners in Key's Cooper Eromanga Basin exploration portfolio continue. Planning of Heritage Surveys around the Ace, Taj-1 and Alfajour-1 proposed well locations and survey timing is subject to COVID-19 impacts and associated risks with remote communities.
- ◆ Continued access negotiations as part of planning for the Bookara 3D Survey, which will cover a broad area within L7 and extend west into EP 437.
- ◆ Completion of the sale of L7 and EP 437 once regulator approval is granted for the transfer of Key's equities and operatorship.
- ◆ Continued monitoring of COVID-19 pandemic and associated restrictions with a view to revert to previously planned operational schedules once conditions stabilise.

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 100% in L7 once the sale (announced 28 January 2021) is completed. Key will retain a 5% overriding production royalty.*

- Planning activities for the Bookara 3D Seismic Survey continued through the Quarter. The Survey is planned to be conducted in late 2021, and fully funded by Triangle Energy (Global) Limited.
- Stakeholder engagement pertaining to various access agreements and including Heritage and Environmental studies are well advanced.

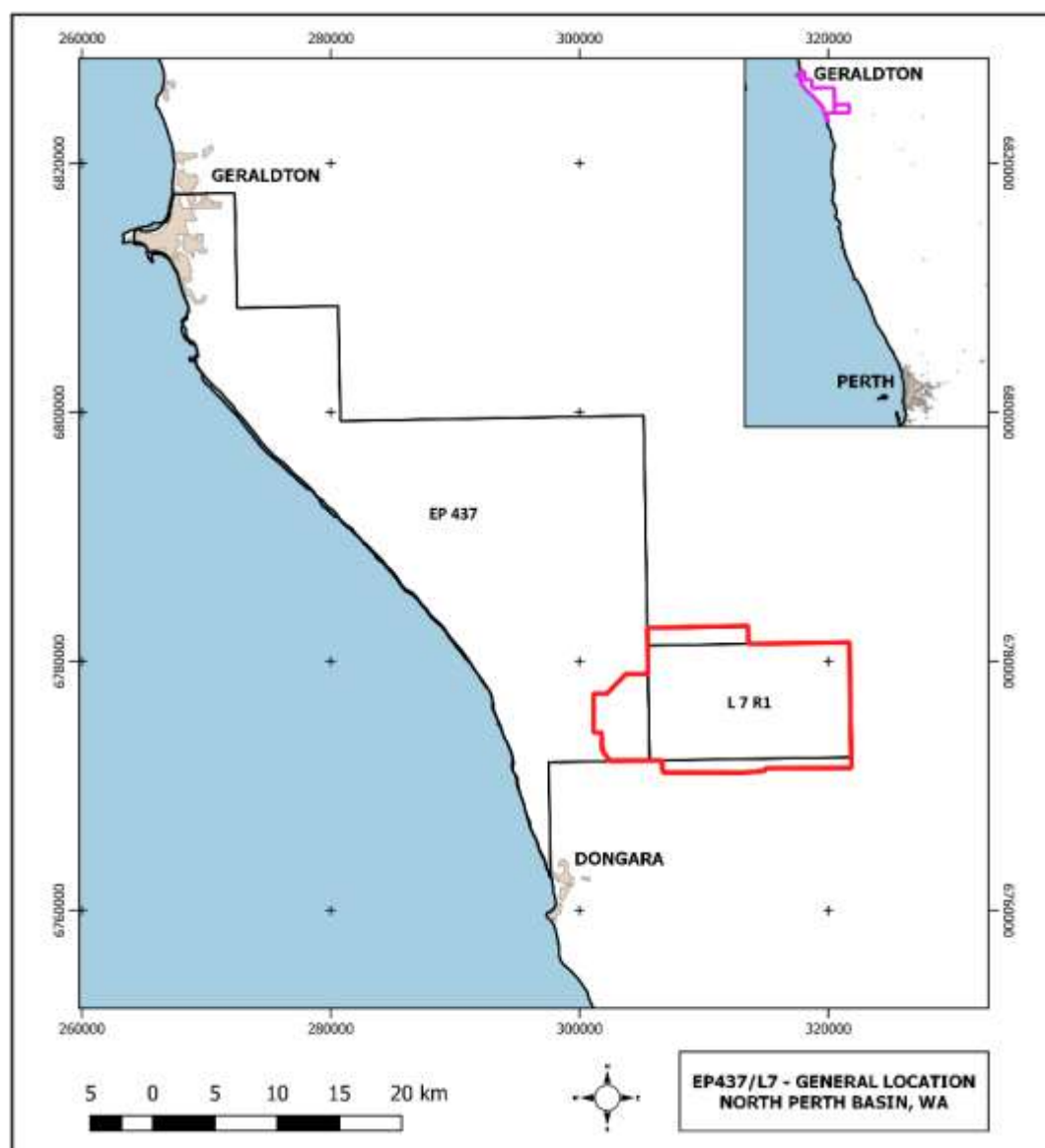


Figure 1: Regional map of proposed Bookara 3D Survey with permit outlines

EP 437

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

**Triangle is to earn Key's 86.94% in EP 437 once the sale (announced 28 January 2021) is completed. Key will retain a 5% overriding production royalty.*

Pilot Energy Limited **13.06%**

- Key's application for a twelve (12) month Suspension of the current Year 3 Work Program well commitment, and a Variation to include a minimum of twenty (20) square kilometres of 3D seismic was granted on 12 January 2021. The above work commitments are now due to be completed by 27 May 2022.

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*

- Key completed its commitment for remote sensing studies over the permits ATP 920 and ATP 924, located in the southwest Queensland portion of the Cooper Eromanga Basin. Approximately 31,300 km² of imagery data was classified with the primary objectives to establish the environmental variability within the study area, particularly the effects of water inundation within the "Channel Country" during flood periods
- Key's application for a variation of the ATP 924 Renewal work program, due to force majeure from the COVID-19 impact and restrictions of movement, was approved by the Department of Natural Resources, Mines and Energy (DNRME) on 26 February 2021. The revised work program removes the Year 1 well and estimated \$2.6 million in associated costs. Key has met all of its commitments listed in the revised work program as detailed in the following table:

Period 2	Minimum Authorised Activities	Estimated Expenditure (\$)
One year ending 29 February 2020	- Geological and geophysical review - Other studies - Other studies	230 000
One (1) year ending 28 February 2021	- Other studies - Geological and geophysical review - Satellite imagery (Visible imagery) - Interpretation studies	170 000
One year ending 28 February 2022	80 kilometres (km) Magnetic Survey - Geological and geophysical review 80 km 2D seismic survey - Interpretation studies	830 000
One year ending 28 February 2023	- Geological and geophysical review - Drill one well to 2400 metres minimum depth - Other studies - Interpretation studies	2 860 000
Total Expenditure Commitment		4 090 000

Table 1: ATP 924 amended commitments for first renewal period

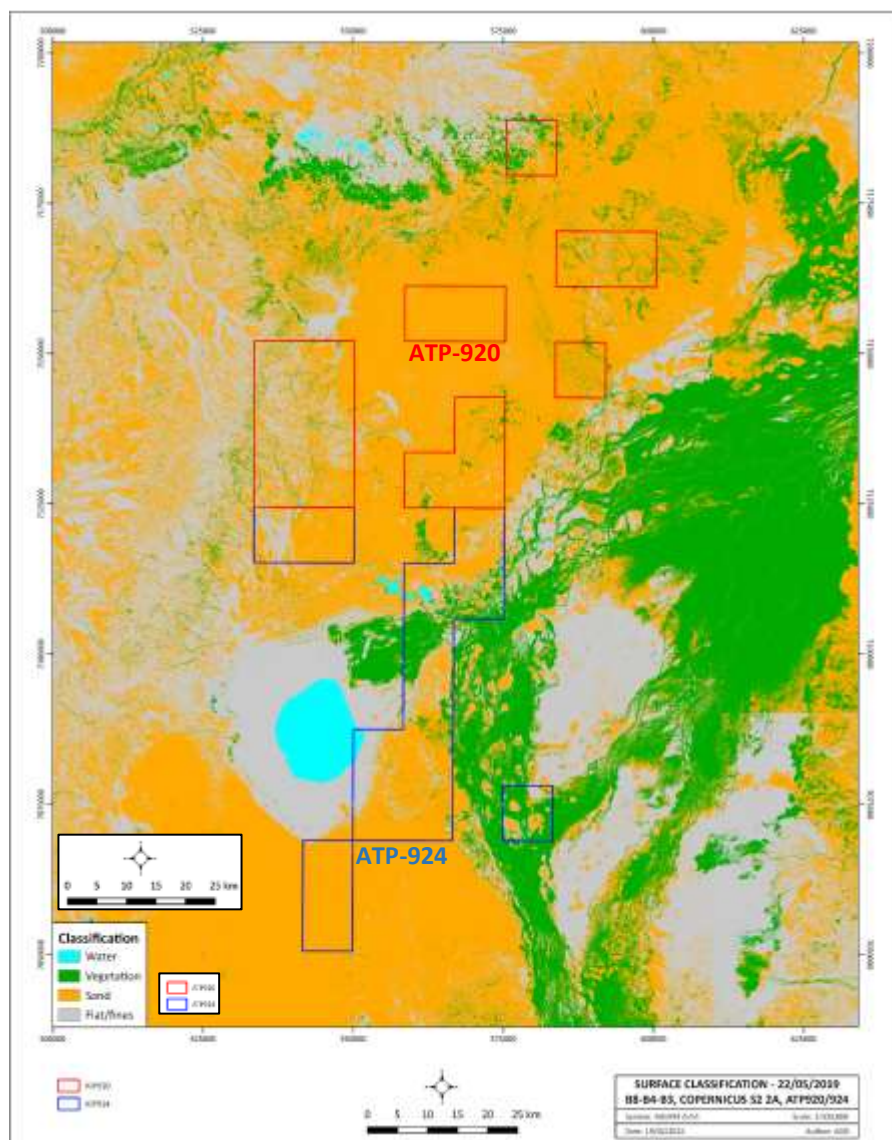


Figure 2: ATPs 920 & 924 Remote sensing surface classification, period after water inundation

ATP 783

Key Petroleum Limited (Operator) (via wholly owned subsidiary)

100.00%

- Key continues to monitor the COVID-19 pandemic and associated restrictions with a view to revert to previously planned operational schedules once conditions stabilise.

Corporate and Current Outlook for Key

- At the end of the March 2021 quarter the Company had A\$ 34,000 cash on hand. Available funds were enhanced by a loan fund of A\$250,000 of which \$100,000 had been drawn at the end of the quarter.
- These funds, the proceeds of the sale of EP 437 and L7, and an expected return of deposits will provide sufficient funds to cover more than two-quarters cash requirements of the Company.
- Following the sale of Key's 40% interest in WA-481-P the 21 million ordinary fully paid Pilot shares received by Key for were worth \$1,722,000 at the end of quarter, based on the last sale price of \$0.082 per share before Pilot request a voluntary suspension from trading on 22 February 2021 pending negotiations from an unrelated transaction.
- During the quarter the Company paid the amounts noted at Items 6.1 and 6.2 on the Appendix 5B, being payments of \$78,000 to related parties and their associates. This was the aggregate amount paid to the directors including directors' fees and consulting fees.
- Oil and gas exploration expenditure during the quarter was \$21,000, where costs were associated with permit compliance planning for the Bookara 3D seismic survey to be acquired in EP 437 and L7. Details of exploration activity during the quarter are set out in this report.
- There were no substantive oil and gas production or development activities during the quarter.

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%	-	-
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 100% in L7 once the sale (announced 28 January 2021) is completed. Key will retain a 5% overriding production royalty.

- Triangle is to earn Key's 86.94% in EP 437 once the sale (announced 28 January 2021) is completed. Key will retain a 5% overriding production royalty.
- ▲ 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 April 2021
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.

Appendix 5B

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

Name of entity

Key Petroleum Limited

ABN

50 120 580 618

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	2	4
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(133)	(342)
	(e) administration and corporate costs	(194)	(489)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	4
1.5	Interest and other costs of finance paid	(2)	(5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	2	109
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(325)	(719)
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	(21)	(420)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	200	200
	(c) property, plant and equipment	-	4
	(d) investments	-	-
	(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)		
	• Refund of bank guarantees	-	96
	• Reimbursement of rehabilitation expenses	-	156
2.6	Net cash from / (used in) investing activities	179	36

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	50	100
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) Principal elements of lease payments	-	(25)
3.10	Net cash from / (used in) financing activities	50	75

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	130	642
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(325)	(719)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	179	36
4.4	Net cash from / (used in) financing activities (item 3.10 above)	50	75
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	34	34

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	34	130
5.2	Call deposits	-	-
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)	34	130

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	78
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	250	100
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	250	100
7.5	Unused financing facilities available at quarter end		150
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. The Company has executed a Loan Agreement with ASF Group Limited ("ASF") pursuant to which ASF will provide up to A\$250,000 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)	(325)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(21)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(346)
8.4	Cash and cash equivalents at quarter end (item 4.6)	34
8.5	Unused finance facilities available at quarter end (item 7.5)	150
8.6	Total available funding (item 8.4 + item 8.5)	184
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.5
	<i>Note: if the entity has reported positive relevant outgoings (ie 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.</i>	
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: No. Staff costs for this quarter were comparatively high due to the following reasons: (i) one-off final payment as a result of the resignation of a staff member; and (ii) payment of outstanding directors' fees for the previous two quarters. This was also reflected in section 6.1 above which was higher compared with last quarter. Administration and corporate costs were also high due to the following payments which are not expected to be incurred in the next quarter: (i) Legal fees incurred for the sale of Perth Basin assets; and (ii) ASX listing fee for the second half year.	

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: The Company has taken steps to raise cash to fund its operations including but not limited to the following:

- (i) Key has access to a further \$150,000 of loan facility provided by ASF Group Limited;
- (ii) Settlement from the sale of Key's onshore Perth Basin assets, announced on 29 January 2021, is also expected to be completed during the June Quarter, with a \$400,000 payment that is due to Key on completion; and
- (iii) Key owns 21 million ordinary fully paid Pilot shares received by Key from the sale of WA-481-P. Based on the last sale price of \$0.082 per share before Pilot requested a voluntary suspension from trading on 22 February 2021, the shares were worth \$1,722,000 at the end of quarter. Key may dispose of such shares to provide operating funds if necessary.

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: Yes, asset sale proceeds will provide sufficient funding and the Company will manage costs in line with the available funding outlined above.

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 April 2021

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 [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.