



Level 1
100 Havelock Street
West Perth WA 6005

T: + 61 (0) 8 6160 6022

investors@keypetroleum.com.au

ABN: 50 120 580 618

29 April 2022

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 quarter ended 31 March 2022.

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 6160 6022

Email: investors@keypetroleum.com.au

Quarterly Report

For the period ended 31 March 2022



ACN 120 580 618

Update on Activities

Highlights for the Quarter

- ◆ Following the announcement last quarter of a detailed review of the Cooper Eromanga Basin exploration portfolio of ATPs 783, 920 and 924 which uncovered a potentially sizable prospect (Prospective Resources for recoverable gas are estimated ranging from: P90 33.9 Bcf / P50 97.1 Bcf / P10 227.4 Bcf, and Mean 122.5 Bcf*), the Company is further evaluating the data with potential upside in two other prospective leads / prospects.
- ◆ Preparations for the Bookara 3D Seismic Survey continues at an elevated level. Triangle Energy is contracted to provide operational services in relation to the L7/EP437 titles.
 - Working through regulatory approvals and finalising landholder agreements.
 - Refinement and submission of various documentation for Bookara 3D seismic survey.
 - Submission of close out report for Mount Horner Oil Field.
- ◆ Work continues with the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS), to complete the L7/EP437 Sale Agreement and approve the transfer of title.

Activities for the Upcoming Quarter

- ◆ Determine viability of further leads / prospects in the Cooper Eromanga Basin exploration portfolio.
- ◆ Planned activities with continued efforts to attract investment for the Cooper Eromanga Basin exploration portfolio to continue this quarter and at APPEA in May.
- ◆ Anticipate completion of the sale of L7 and EP 437 on DMIRS approval for the transfer of Key's interest and operatorship by the end of the quarter.
- ◆ Together with Triangle Energy, continue to progress planning activities and commencement for the Bookara 3D Survey, which will cover a broad area within L7 and extend west into EP 437.

* **Note:** *Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a chance of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

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%

Following approval for Project Status by DNRME which allows Key to transfer commitments between the ATPs, and a detailed review of the full exploration portfolio, the Company is currently continuing efforts to widen the prospective leads in the portfolio and attract investment to finalise a location to drill a moderate depth, circa 2,800m well to evaluate the Alfajor Prospect first. Once investment has been secured, the Company anticipates an approximate 6 month allowance for drilling.

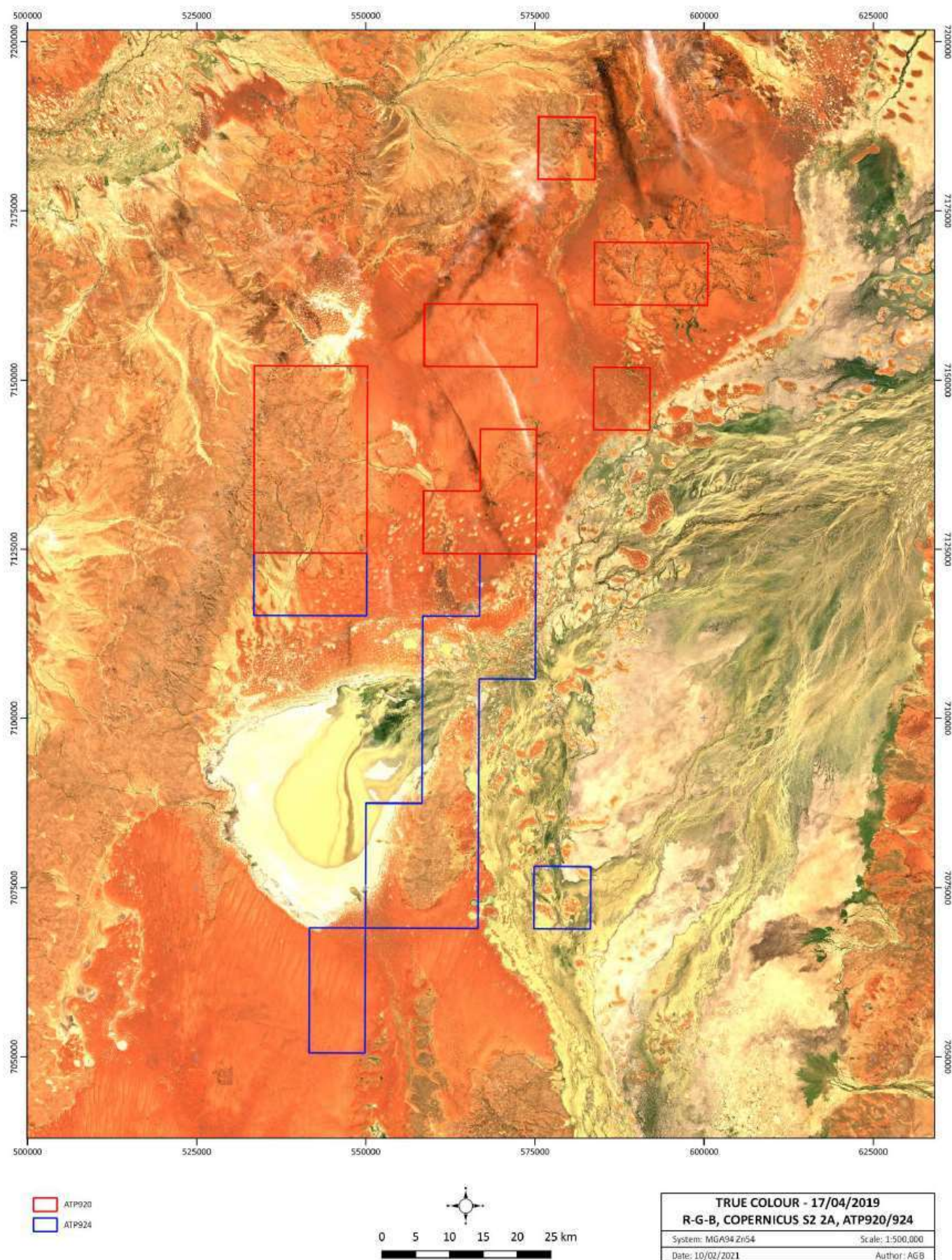
Should a conventional gas resource of the scale estimated (Table 1 below) be discovered by a planned exploration well, the Company believes there is a high likelihood of a commercial development with potentially more prospective leads to follow.

Table 1- Alfajor Prospect Unrisked Prospective Resources (net to Key)

Prospective Resources	P90	P50 (Best Estimate)	P10	Mean
Gas In Place (Bcf)	48	132.2	301.6	163.6
Recoverable (Bcf sales gas)	33.9	97.1	227.4	122.5

The Prospective Resource estimates included here are Unrisked and have been estimated using Probabilistic methodology. The estimates have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE).

The Prospective Resources quoted are for hydrocarbon gases only, so are net of estimated inert gas content (with the P90 inerts % based on that published for the Barrolka Gas Field) and net to the Company's interest.



Cooper-Eromanga Basin Satellite imagery of ATP-920, 924 and surrounding Cooper Creek catchment area.

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.*

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%

Planning activities for the Bookara 3D Seismic Survey continued through the Quarter. The Survey is planned to be conducted and fully funded by Triangle Energy (Global) Limited.

Activities to complete the minimum of twenty (20) square kilometres of 3D seismic are well advanced with many Access Agreements and easements including Heritage and Environmental studies completed this quarter.

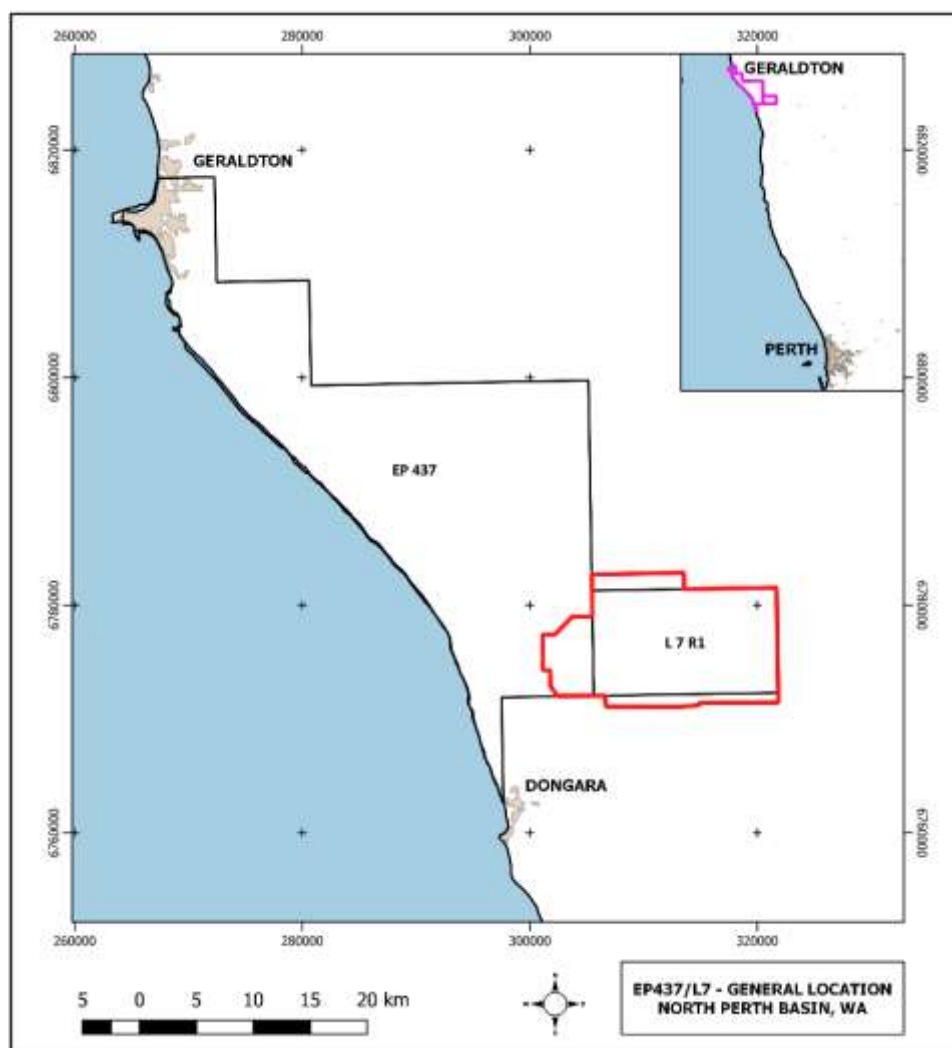


Figure 1: Regional map of proposed Bookara 3D Survey with permit outlines

Corporate and Current Outlook for Key

- ◆ At the end of the March 2022 quarter, the Company had A\$62,000 cash on hand.
- ◆ Following the sale of Key's 40% interest in WA-481-P, Key received 21 million ordinary fully paid Pilot Energy shares. The suspension of trading in the securities of Pilot Energy Limited ('PGY') was lifted on 12 August 2021. During the month of November, Key sold a further 4.0 million shares of Pilot Energy at an average price of \$0.07 per share which netted A\$277,536. The remaining 13 million shares at \$0.036 per share is valued at A\$468,000 as of 31 March 2022.
- ◆ Subsequent to end of quarter, Key entered into an agreement with ASF Group Ltd. (ASX: AFA). ASF will provide Key with a loan facility of \$250,000 to be drawn down on an as needed basis.
- ◆ The value of the shares of PGY (A\$468,000), the remaining proceeds of the sale of EP 437 and L7 (A\$100,000), and the new ASF loan facility of \$250,000 will provide sufficient funds to cover the cash requirements of the Company for the remainder of the financial year.
- ◆ During the quarter, the Company paid the amounts noted at Items 6.1 and 6.2 on the Appendix 5B, being payments of \$92,000 to related parties and their associates. This was the aggregate amount paid to the directors including directors' fees and consulting fees (\$68,000), and corporate administration and management fees (\$24,000).
- ◆ Total E&E expenditure for the quarter was a net recovery of \$2,000.

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: 29 April 2022
Perth, Western Australia

Competent Person's Statement: The Prospective Resources disclosed in this announcement are based on and fairly represent information and supporting documentation prepared by, or under the supervision of, Mr John Begg. Mr Begg (BSc Geol) is a Geologist with more than 35 years' experience, practising in Petroleum Geology and is a member of the Petroleum Exploration Society of Australia (PESA) and the American Association of Petroleum Geologists (AAPG). Mr Begg has provided his prior written consent as to the form and context in which the information that relates to the Prospective Resources is presented in this announcement.

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.

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 2022

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	-	5
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	3	(243)
	(e) administration and corporate costs	(163)	(347)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(1)	(12)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(161)	(596)
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	2	(44)
	(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	-	300
	(c) property, plant and equipment	-	5
	(d) investments	-	516
	(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	-	36
2.6	Net cash from / (used in) investing activities	2	813

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
3.6	Repayment of borrowings	-	(250)
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	-	(1)
3.10	Net cash from / (used in) financing activities	-	(201)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	221	46
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(161)	(596)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2	813

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(201)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	62	62

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	62	221
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)	62	221

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	92
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>		

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 – executed 28 April 2022	250	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		250
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.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(161)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	2
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(159)
8.4	Cash and cash equivalents at quarter end (item 4.6)	62
8.5	Unused finance facilities available at quarter end (item 7.5)	250
8.6	Total available funding (item 8.4 + item 8.5)	312
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.96
	<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: The Company is continuing to streamline operations wherever possible.	
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) Settlement from the sale of Key's onshore Perth Basin assets, announced on 29 January 2021, is expected to be completed within 4th Quarter of FY 2022, with a \$100,000 payment that is due to Key on completion; (ii) Key holds 13 million ordinary fully paid Pilot Energy shares received by Key from the sale of WA-481-P. Based on the closing price of \$0.036 per share on 31 March 2022, the shares were worth \$468,000 at the end of the quarter; and (iii) Key has agreed to a loan facility on 28 April 2022 with ASF Group (ASX: AFA) for \$250,000 available to be drawn down as needed.	

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, it is anticipated that asset sale proceeds and the new loan facility as needed 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: 29 April 2022

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.