

29 July 2016

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

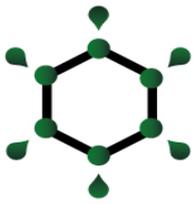
**WA-481-P ACQUISITION OPTION EXERCISED**

We attach herewith an ASX Announcement for Investors regarding the WA-481-P acquisition.

Regards



**IAN GREGORY**  
Company Secretary  
**KEY PETROLEUM LIMITED**



## ASX ANNOUNCEMENT

### WA-481-P ACQUISITION OPTION EXERCISED

Key Petroleum Ltd ("Key" or "the Company" - ASX:KEY), is pleased to announce that it has exercised an option under a Cooperation Agreement with Pilot Energy Ltd ("Pilot" - ASX:PGY) to acquire a 40% interest in Exploration Permit WA-481-P, located in the offshore North Perth Basin, Western Australia (refer map attached).

Key's subsidiary Key Petroleum Offshore Pty Ltd ("Key Offshore") will be assigned the interest on the same (pro rata) terms as Pilot acquired the interest; that being payment of a Net Profit Interest on any future production.

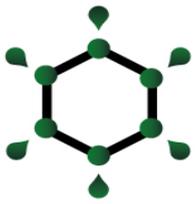
WA-481-P is situated in the proven hydrocarbon province of the offshore North Perth Basin. The permit covers an area of 17,457 km<sup>2</sup> in water depths mostly within 5 – 200 m. Importantly, it contains the single largest Australian offshore exploration area within water depths less than 200 m with the size of the permit itself regarded as being larger than the most prospective area in the onshore Perth Basin. A highlight of the area is that it includes the Dunsborough oil and gas discovery, and gas discoveries at Frankland and Perseverance. It is also directly adjacent to the producing Cliff Head oil field with 9 mm bbls produced to 31 December 2009 (Department of Mines and Petroleum, 2010), all of which provide strong evidence of a working petroleum system.

Key believes the permit contains proven play fairways with numerous untested leads and prospects. A Geoscience Australia study over the area several years ago highlighted the regionally extensive source rocks, which have good to excellent potential for generating oil. While the majority of hydrocarbon resources in the Perth Basin have been found in the Late Permian clastic sequences, recent Early Permian discoveries onshore are shaping up to be some of the largest gas resources discovered in the last 50 years.

WA-481-P is nearing the end of its primary term, and subject to regulatory approval, Key Offshore anticipates formally entering the permit at the start of the secondary term, the first year of which (year to 19 August 2017) carries a work commitment to complete \$300,000 (gross cost) of geological and geophysical studies. The subsequent two years of the secondary term are discretionary, with each carrying an exploration well commitment.

Assignment of the permit interest to Key Offshore is conditional upon the approval of the National Offshore Petroleum Titles Administrator (NOPTA) and Pilot proceeding through completion with the recently announced acquisition.

**IAN GREGORY**  
Company Secretary  
**KEY PETROLEUM LIMITED**

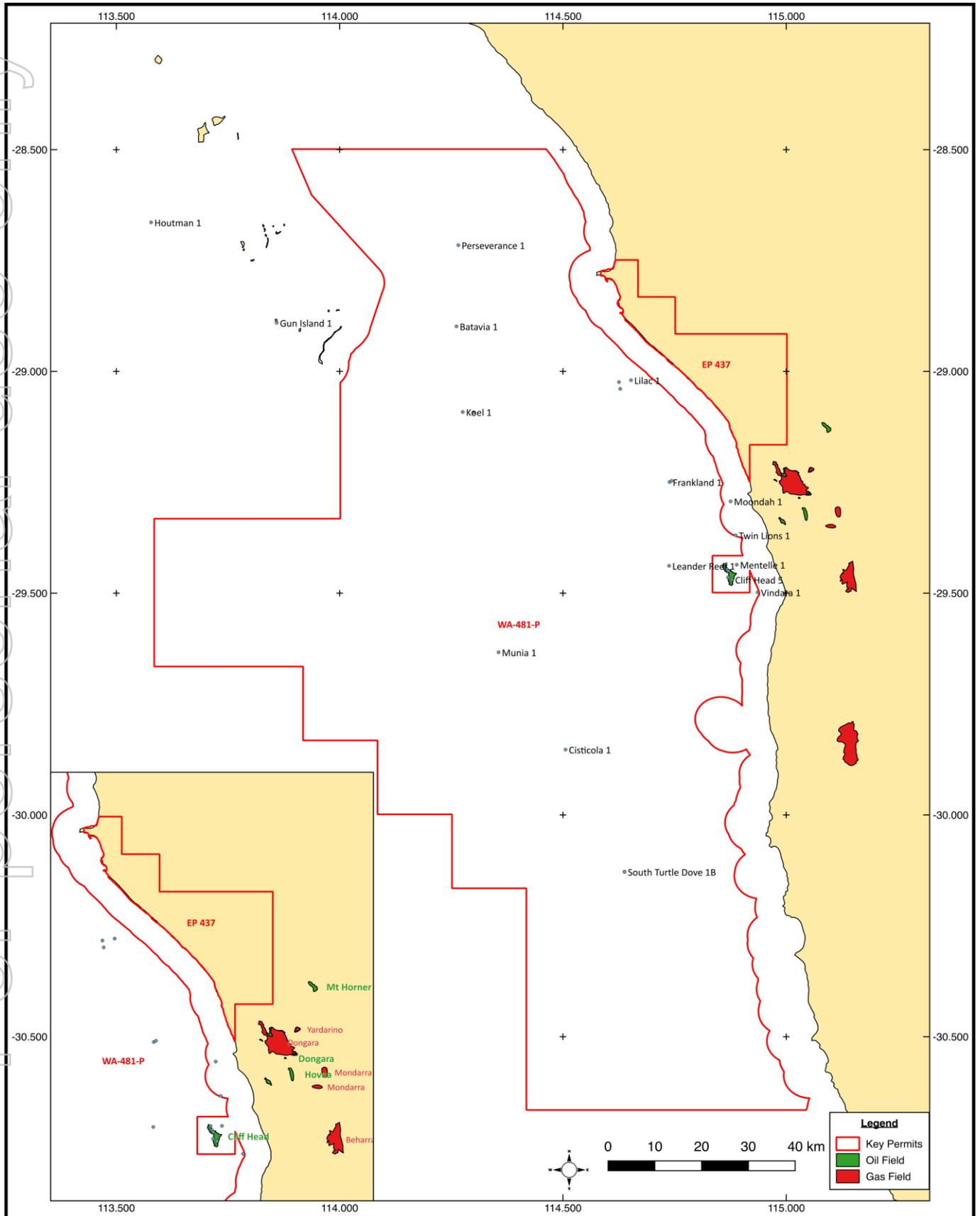


# KEY

PETROLEUM LIMITED

Level 2  
47 Stirling Highway  
Nedlands WA 6009

T: + 61 (08) 6389 0322  
F: + 61 (08) 6389 0697



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