

23 March 2015

The Manager  
Company Announcements  
Australian Securities Exchange Ltd  
20 Bridge Street  
Sydney 2000  
via: [www.asxonline.com](http://www.asxonline.com)

Dear Sir/Madam

**Pro-rata Non-Renounceable 1 for 4 Entitlement Offer to Eligible Shareholders**

Key Petroleum Limited (**ASX: KEY**) (**Company**) is pleased to announce a pro-rata non-renounceable one (1) for four (4) entitlement offer of fully paid ordinary shares in the capital of the Company (**Offer**).

The Company will offer Eligible Shareholders one (1) share for every four (4) shares held at 5:00 PM (WST) on the record date of 27 March 2015 at \$0.01 per share (**Entitlement**).

Compared to the weighted average price of the Company's shares on the ASX in the five trading days up to and including 20 March 2015, of \$0.013 (rounded to three decimal places), the offer price represents a discount of approximately 23.07%. Compared to the closing price of the Company's shares on the ASX on 20 March 2015 of \$0.014, the offer price of \$0.01 per share again represents a discount of approximately 28.57%.

**Offer is non-renounceable**

The Offer is non-renounceable meaning that Eligible Shareholders who do not take up their Entitlement will not be able to transfer or receive any value for those Entitlements, and their equity interest in the Company will be diluted.

Eligible Shareholders may choose to accept all or part of their Entitlement or none at all. Entitlements of Eligible Shareholders which are not taken up will form part of the Shortfall.

The Offer is being conducted in accordance with section 708AA of the Corporations Act (Cth) 2001 (**Act**), which means the Company is not required to lodge a prospectus with ASX or ASIC or provide one to shareholders. The Company has prepared a document explaining the Offer in more detail (**Offer Document**). The Offer Document and personalised acceptance forms will be mailed to Eligible Shareholders on Wednesday, 1 April 2015. The Offer Document is available on the Company's website at [www.keypetroleum.com.au](http://www.keypetroleum.com.au) and from the Company's registered office at Level 2, 47 Stirling Highway, Nedlands WA 6009.

The closing date for the Offer will be 14 April 2015.

**Effect on Capital Structure**

The Company currently has 567,427,487 shares on issue. The maximum number of securities that may be issued under the Offer is 141,856,871 shares. Shares issued under the rights issue will rank equally with existing shares. The Company will apply for official quotation on ASX of the new shares issued under the Offer.

The maximum amount raised by the Offer would be \$1,418,568 if every Eligible Shareholder exercised its Rights to purchase New Shares, before expenses.

### **Shortfall**

There is no minimum acceptance amount and Eligible Shareholders are also invited to apply for Additional New Shares which will be allocated from any Shortfall. The allocation of any Additional New Shares will be subject to Key's discretion and limited to the extent there are sufficient Additional New Shares from shareholders who do not take up their entitlements. The Directors may at their discretion place any Shortfall to third parties, at not less than the issue price within 3 months of the Closing Date. The offer is not underwritten.

### **Purpose of the Offer**

The Company will use the proceeds raised under the Offer for:

1. Funding Key's share of work commitments and petroleum tenement holding costs in the Perth Basin, including testing operations at Dunnart-2;
2. Environmental and logistics studies in R1 and L15 petroleum tenements in the Canning Basin;
3. Funding Key's share of 2D seismic reprocessing work commitment in EP104 within the Canning Basin;
4. Additional working capital to the Company generally.

Any person considering acquiring shares under the Offer should read the Offer Document carefully. Applications for shares under the Offer may only be made using the Application Form to be attached to, or accompanying the Offer Document. Shares will only be issued on the basis of an Application Form issued together with the Offer Document.

### **Timetable**

The following timetable is indicative only. All dates are subject to change and accordingly are indicative only. The Company has the right to vary the dates of the Offer, without prior notice, subject to the Corporations Act and the ASX Listing Rules.

<b>Event</b>	<b>Date*</b>
Announcement of Offer and Lodgement of Appendix 3B and Section 708AA(2)(f) Notice with ASX	23 March 2015
Lodge Offer Document with ASX (Prior to trading commencing)	23 March 2015
Notice sent to Option holders	23 March 2015
Notice sent to Shareholders [with Appendix 3B info]	24 March 2015
Ex-Date	25 March 2015**
Record Date The Company determines eligible shareholders (5.00 pm WST)	27 March 2015**
Dispatch of Offer Document Offer Document sent to all eligible shareholders	1 April 2015

Closing Date The date on which the Offer closes. Applications must be received by 5:00 pm (WST)	14 April 2015
Notification of shortfall to ASX	17 April 2015
Allotment Date The date upon which the New Shares are allotted	21 April 2015
Dispatch Date The date on which holding statements are sent to shareholders that have taken up their entitlement of New Shares	21 April 2015

\*The above dates are indicative only and may change without notice. The Directors reserve the right to amend this indicative timetable at any time (subject to the Corporations Act and ASX Listing Rules), to extend the Closing Date or to cancel the Offer without prior notice in its absolute discretion. The commencement of quotation of new securities is subject to confirmation from the ASX.

\*\*Shareholders should consult their professional advisors in regards to the definition of 'Ex' Date and Record Date to ensure that their entitlement to participate in the Offer is assured. Where fractions arise in the calculation of entitlements, they will be rounded up to the nearest whole number.

### **Read Offer Document Carefully**

Any person considering acquiring shares under the Offer should read the Offer Document carefully. Applications for shares under the Offer may only be made using the Application Form to be attached to, or accompanying the Offer Document. Shares will only be issued on the basis of an Application Form issued together with the Offer Document.



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