

23 March 2015

**ENTITLEMENT OFFER CLEANSING NOTICE UNDER  
SECTION 708AA(2)(F) CORPORATIONS ACT**

This notice is given by Key Petroleum Limited (ACN 120 580 618) (ASX Code: KEY) (**Company**) under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Act**), as notionally modified by Australian Securities and Investments Commission Class Order 08/35 (CO 08/35).

On 23 March 2015, the Company announced a non-renounceable pro rata entitlement offer of one fully paid ordinary share (**New Share**) for every four fully paid ordinary shares held as at 5.00 pm WST on 27 March 2015 (**Record Date**) to all shareholders (**Eligible Shareholders**) (**Offer**).

Pursuant to the **Offer**, the Company will issue up to 141,856,871 New Shares at an issue price of \$0.01 each, to raise up to \$1,418,568 (before costs).

An offer document in relation to the **Offer** (**Offer Document**) has been released to the ASX today and is expected to be dispatched to eligible shareholders on 1 April 2015.

The Company states that:

- (a) the Company will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Act, as notionally modified by CO 08/35;
- (b) the Company is providing this notice under section 708AA(2)(f) of the Act, as notionally modified by CO 08/35;
- (c) as at the date of this notice, the Company has complied with:
  - a. the provisions of Chapter 2M of the Act as they apply to the Company;
  - b. section 674 of the Act;
- (d) as at the date of this notice, there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the Act, as notionally modified by CO 08/35; and
- (e) the **Offer** is not expected to have any material effect or consequence on the control of the Company, but any potential effect will depend on a number of factors including investor demand. However:
  - a. if all eligible shareholders take up their entitlements in full under the **Offer**, the **Offer** will have no effect on the control of the Company; and

- b. the proportional interests in the Company of those eligible shareholders who do not take up their rights under the **Offer** will be diluted by those other shareholders who take up some, all or more than their rights.

The Company has reserved the right, in accordance with ASX Listing Rule 7.2, Exception 3, to place any shortfall from the **Offer** at the discretion of the Board within 3 months of the closing date for the **Offer**. However, the shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restrict a person from having a relevant interest in voting shares in the Company where they would have voting power in the Company of 20% or more, subject to a number of exemptions, and ASX Listing Rules, which restrict allocation of shortfall shares to a related party of the Company.

Further details regarding the **Offer** are set out in the **Offer Document** lodged with ASX today.

Yours sincerely

A handwritten signature in dark ink, appearing to read "I. Gregory", is written over a horizontal line.

Ian Gregory  
Company Secretary