

1 May 2015

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

Dear Sir

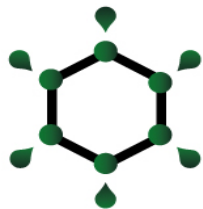
**NON-RENOUCEABLE ENTITLEMENT OFFER CLOSES FULLY SUBSCRIBED
AND PLACEMENT TO SOPHISTICATED INVESTORS**

We attach herewith an ASX Announcement for Investors regarding the closure of the Company's non-renounceable entitlement offer and a share placement to sophisticated investors.

Regards



IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED



ASX RELEASE

NON-RENOUNCEABLE ENTITLEMENT OFFER CLOSES FULLY SUBSCRIBED AND PLACEMENT TO SOPHISTICATED INVESTORS

Key Petroleum Limited (**ASX: KEY**) (**Company**) advises that the non-renounceable entitlement offer announced on 23 March 2015 ("**Entitlement Offer**") has been completed. The Entitlement Offer closed for acceptances on 28 April 2015.

The Company received valid applications under the Entitlement Offer for 141,856,996 new shares including a number of eligible shareholders applying for additional shares, resulting in the Entitlement Offer being oversubscribed. A placement of 13,073,958 shares for the amount of the oversubscription of \$130,740 will be made to sophisticated investors at the same price of the Entitlement Offer (\$0.01). These funds will be used for additional working capital.

The total amount of funds raised by the Entitlement Offer and Share Placement was \$1,549,310. No underwriting fees were incurred through this Entitlement Offer or brokerage fees associated with the share placement.

All Shareholders who submitted valid applications for their entitlements including shortfall shares will receive all shares applied for at the price of the Entitlement Offer.

In accordance with the timetable for the Entitlement Offer, the Company expects that holding statements in respect of the new shares will be dispatched to shareholders on 6 May 2015, with trading of the new shares expected to commence on the same day. The Share Placement shares are also expected to commence trading on 6 May 2015.

The interest and support from the Entitlement Offer is a fantastic result given the current market conditions and is a demonstration of the strong support from Key's existing shareholders. The Directors of the Company thank shareholders for their continued support and look forward to updating the market on its exploration activities in due course.

For more information please contact:

Key Petroleum Limited
+61 8 6389 0322

Ian Gregory
Company Secretary
1 May 2015