



KEY
PETROLEUM LIMITED

Level 2
47 Stirling Highway
Nedlands WA 6009

T: + 61 (08) 6389 0322
F: + 61 (08) 6389 0697
commrelations@keypetroleum.com.au

5 May 2015

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

**ISSUE OF SHARES PURSUANT TO NON-RENOUNCEABLE ENTITLEMENT OFFER
AND COMPLETION OF SHARE PLACEMENT**

Key Petroleum Limited ("**Key**" or "**Company**") wishes to advise that the issue of shares under the non-renounceable entitlement offer announced on 23 March 2015 ("**Entitlement Offer**") has been completed.

All Shareholders who submitted valid applications for their entitlements have been issued 100% of their applications including those applying for additional shares.

In accordance with the timetable for the Entitlement Offer, the 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.

As announced on 1 May 2015 a placement of 13,073,958 shares for the amount of the oversubscription of \$130,740 has been made to a sophisticated investor at the same price of the Entitlement Offer (\$0.01). These funds will be used for additional working capital.

The Directors of the Company thank shareholders for their continued support and look forward to updating the market on the Company's exploration activities in due course.

An ASX Appendix 3B Application for Quotation of Additional Securities is attached.

Section 708A Statement

For the purposes of section 708A of the Corporations Act 2001 (Cth) ("**Act**"), the Company has allotted the placement Shares without disclosure to investors under Part 6D.2 of the Act, and provides this notice



in accordance with section 708A(5)(e). Further, at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act. In addition, at the date of this notice there is no 'excluded information' (as defined by section 708A(7) of the Act), required to be disclosed by the Company.

A handwritten signature in black ink, appearing to read 'I.E. Gregory', with a large, stylized loop at the end.

IAN GREGORY
Company Secretary
KEY PETROLEUM LIMITED

For more information please contact:
Key Petroleum Limited - Tel: +61 8 6389 0322

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Key Petroleum Limited

ABN

50 120 580 618

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Ordinary shares. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (i) 141,856,996 shares via a 1 for 4 pro-rata non-renounceable entitlement offer.
(ii) 13,073,958 shares by placement. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes, the Shares will rank equally in all respects from the date of issue with the existing quoted fully paid ordinary shares of the Company.</p>
<p>5 Issue price or consideration</p>	<p>\$0.01 per share.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(i) The proceeds of the Offer are to be expended on the following:-</p> <ul style="list-style-type: none"> • Funding Key's share of work commitments and petroleum permits holding costs in the Perth Basin, including testing operations at Dunnart-2; • Environmental and logistics studies in the R1 and L15 petroleum permits in the Canning Basin; • Funding Key's share of 2D seismic reprocessing work commitment in EP104 within the Canning Basin; and • Additional Working Capital. <p>(ii) Additional working capital.</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>20 November 2014</p>

⁺ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	13,073,958 shares.										
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil										
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil										
6f	Number of securities issued under an exception in rule 7.2	141,856,996 shares – Entitlement Offer.										
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A										
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A										
6i	Calculate the entity’s remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing Rule 7.1 – 93,318,714 Listing Rule 7.1A – 70,928,448										
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	5 May 2015.										
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>567,427,487</td><td>Ordinary fully paid shares</td></tr><tr><td>+ 141,856,996</td><td>Entitlement issue</td></tr><tr><td>+ 13,073,958</td><td>Placement</td></tr><tr><td><u>722,358,441</u></td><td></td></tr></table>	Number	+Class	567,427,487	Ordinary fully paid shares	+ 141,856,996	Entitlement issue	+ 13,073,958	Placement	<u>722,358,441</u>	
Number	+Class											
567,427,487	Ordinary fully paid shares											
+ 141,856,996	Entitlement issue											
+ 13,073,958	Placement											
<u>722,358,441</u>												

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in section 2 if applicable)	
	7,000,000	Unlisted options exercise price \$0.055 expiry 06/08/2017
	7,000,000	Unlisted options exercise price \$0.064 expiry 06/08/2017
	7,000,000	Unlisted options exercise price \$0.074 expiry 06/08/2017
	3,250,000	Performance Rights A
	- 1,250,000	Cancelled pursuant to the terms of the Performance Rights
	<u>2,000,000</u>	
	3,250,000	Performance Rights B
	- 1,250,000	Cancelled pursuant to the terms of the Performance Rights
	<u>2,000,000</u>	
10	2,000,000	Unlisted options exercise price \$0.044 expiry 06/08/2017
	2,000,000	Unlisted options exercise price \$0.052 expiry 06/08/2017
	2,000,000	Unlisted options exercise price \$0.059 expiry 06/08/2017
	500,000	Unlisted options exercise price \$0.025 expiry 12/03/2017
	6,000,000	Unlisted options exercise price \$0.01287 expiry 9/03/2019
	N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A

+ See chapter 19 for defined terms.

14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) ☒ Securities described in Part 1
- (b) ☐ All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

⁺ See chapter 19 for defined terms.

- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of securities for which ⁺quotation is sought

39 Class of ⁺securities for which quotation is sought

40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	⁺ Class
42 Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 38)		

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


(Company Secretary)

Date: 5 May 2015

Print name: Ian Gregory

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	567,427,487
Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	141,856,996 shares via a 1 for 4 pro-rata non-renounceable entitlement offer – May 2015. Nil Nil
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	709,284,483

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	106,392,672
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	13,073,958 shares issued by placement – May 2015.
“C”	13,073,958
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	106,392,672
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	13,073,958
Total [“A” x 0.15] – “C”	<p>93,318,714</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	709,284,483
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	70,928,448
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	Nil
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	70,928,448
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	70,928,448 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.