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## **ASX and Media Release**

6 July 2009

### **RENOUNCEABLE ENTITLEMENT OFFER TO SHAREHOLDERS**

Key Petroleum Limited's ("Key Petroleum" or "the Company") (ASX: KEY) Board of Directors today announced that the Company will be undertaking a renounceable Entitlement Offer to raise up to \$4.87 million (before costs).

The Entitlement Offer will provide eligible shareholders of the Company with an opportunity to apply for new, fully paid ordinary Key Petroleum shares with no brokerage costs and at a discount to the Company's recent share price. Eligible shareholders will receive an entitlement to apply for one (1) new share for every two (2) shares held at the Record Date of 5.00pm WST on 14 July 2009.

The price for the shares under the Entitlement Offer is A\$0.11 per fully paid ordinary share.

Your Board believes that the Company is entering a very exciting phase of growth initiated by the conditional acquisition of Midmar Energy Onshore Ltd ("MEOL"), as announced to ASX on 26 May 2009, whose assets include two producing oilfields located in the south east of England. MEOL is a wholly owned subsidiary of Midmar Energy Ltd (an unlisted United Kingdom company).

The proceeds of the Entitlement Offer will be used to further develop and enhance the UK oilfields which form part of MEOL's production assets and for working capital.

Due to the complications associated with extending the offer to overseas jurisdictions, the opportunity to participate in the Entitlement Offer will only be extended to Australian and New Zealand shareholders who are registered as holders of fully paid ordinary shares in Key Petroleum as of the Record Date. Key Petroleum may extend the offer to shareholders with registered addresses outside of Australia or New Zealand, subject to satisfying itself that compliance with securities laws in those jurisdictions will be adhered to.

The Entitlement Offer is renounceable and will close at 5.00 pm WST on 4 August 2009, unless closed earlier by the Company at its sole discretion. Key Petroleum anticipates that shares applied for under the Entitlement Offer will be allotted and issued by close of business on 10 August 2009. Key Petroleum will apply to ASX for quotation of the new shares. The maximum number of new shares that can be issued under the Entitlement Offer is 43,000,000 and the Entitlement Offer will not be underwritten.

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An Offer Document and formal Entitlement and Acceptance Form will be mailed to all eligible shareholders on or around 20 July 2009. In accordance with ASX Listing Rule 3.10.3, Key Petroleum provides the following information regarding the Entitlement Offer:

<b>Class of securities to be issued</b>	Ordinary shares
<b>Number of securities issued or to be issued</b>	Maximum of 43,000,000 fully paid ordinary shares.
<b>Principal terms of the securities to be issued</b>	Fully paid ordinary shares issued on the basis of one (1) new share for every two (2) fully paid ordinary shares held at 5.00pm WST on 14 July 2009.
<b>Issue price</b>	\$0.11 per new share
<b>Purpose of the issue</b>	To develop and enhance the oil production from the assets that will be acquired pursuant to the acquisition of Midmar Energy Onshore Limited and to meet working capital requirements.
<b>Shareholder approval</b>	Not applicable
<b>Issue be offered to the following class of securities holders</b>	Ordinary shareholders

For further background information please see the Company's website at <http://www.keypetroleum.com> or contact:

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