

KEY PETROLEUM LIMITED
ACN 120 580 618

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting
23 November 2009

Time of Meeting
10:00 am

Place of Meeting
Theatrette Level 2
QV1 Building
250 St Georges Terrace
PERTH WA 6000

The 2009 Annual Report may be viewed on the Company's website at

www.keypetroleum.com

KEY PETROLEUM LIMITED

Notice of Annual General Meeting 23 November 2009

**KEY PETROLEUM LIMITED
ACN 120 580 618
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of Key Petroleum Limited ("**Company**") will be held at the Theatrette Level 2, QV1 Building, 250 St Georges Terrace, Perth WA on 23 November 2009 at 10:00 am for the purpose of transacting the following Business.

ORDINARY BUSINESS

2009 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2009, consisting of the Annual Financial Report, the Directors' Report and the Auditor's Report.

Resolution 1 – Re-election of Dennis Wilkins as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Dennis Wilkins having retired as a director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election be re-elected a director of the Company."

Pursuant to the Company's Constitution, one-third of the directors of the Company (other than the managing director) must retire at each Annual General Meeting and being eligible may offer themselves for re-election.

Resolution 2 – Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That the Remuneration Report forming part of the Company's 2009 Annual Report be adopted."

Section 250R of the Corporations Act requires a listed company to put to shareholders at each annual general meeting a resolution adopting the report on the remuneration of the company's directors, executives and senior managers included in the company's annual report. The above resolution is being proposed to comply with this requirement. The vote on this resolution is advisory and does not bind the company's directors.

A reasonable opportunity will be provided for discussion of the remuneration report at the annual general meeting.

Resolution 3 – Ratification of Issue and Allotment of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the Company approves and ratifies the issue and allotment of 17,897,107 fully paid ordinary shares issued on terms and conditions set out in the Explanatory Memorandum accompanying this Notice to persons who are not related parties of the Company."

Short Explanation: Approval is sought under Listing Rule 7.4 to allow the Company to ratify the issue and allotment of these securities. Please refer to the Explanatory Memorandum for details.

KEY PETROLEUM LIMITED

Notice of Annual General Meeting 23 November 2009

Voting Exclusion Statement

The Company will in accordance with the Listing Rules of the ASX, disregard any votes cast on Resolution 3 by any person who participated in the issue and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4 - Share Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, the directors be authorised to issue and allot up to 70,000,000 ordinary fully paid shares in the capital of the Company at an issue price of not less than 80% of the average market price of the Company’s shares (calculated over the 5 days on which sales of shares were recorded before the day on which the issue is made), with such shares to be issued to such persons as the directors in their absolute discretion may determine and otherwise upon the terms set out in the Notice of Annual General Meeting and Explanatory Memorandum.”

Short Explanation: Approval is sought under Listing Rule 7.1 to allow the Company to allot and issue up to 70,000,000 ordinary fully paid shares in the capital of the Company at an issue price of not less than 80% of the average market price of the Company’s shares. Please refer to the Explanatory Memorandum for details.

Voting Exclusion Statement

The Company will in accordance with the Listing Rules of the ASX disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board



John Ribbons
Company Secretary
Date: 15 October 2009

KEY PETROLEUM LIMITED

Notice of Annual General Meeting 23 November 2009

PROXIES

A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.

A proxy may, but need not be, a shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary Shares at 5:00 pm Perth time on 21 November 2009 will be entitled to attend and vote at the Annual General Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Key Petroleum Limited ACN 120 580 618 ("**Company**") in connection with the business to be conducted at the Annual General Meeting of the Company to be held at the Theatre Level 2, QV1 Building, 250 St Georges Terrace Perth, Western Australia on 23 November 2009 commencing at 10:00 am.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting:

Resolution 3 - Ratification of Allotment and Issue of Shares

ASX Listing Rule 7.4 permits the ratification of previous issues of shares made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such a ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

Resolution 3 is required to be approved in accordance with ASX Listing Rule 7.4 to ratify previous issues of Shares. The Company confirms that the issue and allotment of the Shares, the subject of Resolution 3 did not breach ASX Listing Rule 7.1.

Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.4 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) 17,897,109 Shares were issued by the Company;
- (b) Funds were raised to further advance producing oil fields located in the south east of London and for general corporate and working capital purposes;
- (c) the issue price per Share was 11 cents;
- (d) the Shares were allotted to sophisticated and professional investors;
- (e) \$1,968,682 (before costs) was raised from the issue of Shares;
- (f) the Shares rank equally with the existing Shares; and
- (g) a voting exclusion statement is included in the Notice.

Recommendation

The Board unanimously recommends shareholders vote in favour of Resolution 3 as it will provide the Company with further flexibility should any share issue be considered desirable in the next 12 months.

Resolution 4 - Share Placement Facility

Resolution 4 seeks the approval of shareholders for a share placement facility of up to 70,000,000 ordinary fully paid shares, which the directors may utilise to raise additional working capital for the Company.

As at the date of this notice of meeting there has been no decision by the directors whether to issue these shares. The directors believe that it is prudent for the Company to have a share placement facility available so that additional equity funds can be raised if considered necessary. If not utilised, the facility would lapse 3 months after the date of the meeting.

ASX Listing Rule 7.1 prohibits a company from issuing shares representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). Accordingly, shareholder approval is being sought under Listing Rule 7.1 for the issue of up to 70,000,000 shares in the Company. In accordance with ASX Listing Rule 7.3 the following information is provided to shareholders:

- a) the maximum number of securities that may be issued under Resolution 4 is 70,000,000 fully paid shares;
- b) any shares issued in accordance with Resolution 4 will be issued and allotted within 3 months from the date of the general meeting (or such later date as approved by ASX);
- c) the shares will be issued at a price which is not less than 80% of the average market price of the Company's shares, calculated over the 5 days on which sales in the Company's shares were recorded on ASX before the day on which the issue is made;
- d) as at the date of this notice of meeting there has been no decision by the directors to issue any shares. Accordingly, the names of any allottees or proposed allottees are not known;
- e) any shares issued pursuant to Resolution 4 will rank equally in all respects with existing ordinary fully paid shares on issue in the Company;
- f) the shares will not be issued to related parties of the Company;
- g) funds raised by the issue of any shares will be used as additional working capital for the Company; and
- h) as noted above, as at the date of this notice of meeting no decision has been made by the directors on whether to utilise the share placement facility and accordingly, it is not known whether any allotments will occur as a single allotment or will occur progressively. However, it would be likely that any issue of shares will be made as a single allotment.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

ASX	means ASX Ltd ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Ltd.
Board	means the board of Directors of the Company.
Company	means Key Petroleum Limited ACN 120 580 618.
Corporations Act	means Corporations Act 2001.
Director	means a director of the Company.
Explanatory Memorandum	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
Listing Rules	means the listing rules of ASX.
Notice or Notice of Meeting	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
Resolution	means a resolution contained in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.

KEY PETROLEUM LIMITED


ACN 120 580 618
PROXY FORM

The Company Secretary
 Key Petroleum Limited
 Level 1
 14 Outram Street
 WEST PERTH WA 6005

Facsimile: 61 8 9327 3510

I/We (name of shareholder)
 of (address)
 being a member/members of Key Petroleum Limited HEREBY APPOINT
 (name)
 of (address)
 and/or failing him (name)
 of (address)
 or failing that person then the Chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual
 General Meeting of the Company to be held on 23 November 2009 and at any adjournment of the meeting.

PROXY INSTRUCTIONS

<p>If you wish to instruct your proxy how to vote, insert "X" in the appropriate column against the item of business set out below.</p> <p>If you do not wish to direct your proxy how to vote please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest. The Chairman has advised that his intention is to vote in favour of the resolutions.</p> <p>If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.</p>	
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Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:
 I/We direct my/our Proxy to vote in the following manner:

RESOLUTION	FOR	AGAINST	ABSTAIN
1 Re-election of Dennis Wilkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of Issue and Allotment of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Share Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This Proxy is appointed to represent _____ % of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes. My total voting right is _____ Shares.

SIGNATURE OF SECURITY HOLDERS – PLEASE SIGN HERE

Individual or Shareholder 1	Joint Shareholder 2	Joint Shareholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>

Sole Director & Sole Company Secretary Director / Company Secretary Director

Dated this _____ day of _____ 2009

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint Shareholders, this proxy must be signed by each of the joint Shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint **proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting that is by 10:00 am on 21 November 2009** by post or facsimile to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
 - (c) if the proxy is the Chairperson, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.