



ACN 120 580 618

Level 1, 14 Outram Street
West Perth
Western Australia 6005
Tel: +61 8 9327 3500
Fax: +61 8 9327 3510
e-mail: info@keypetroleum.com
www.keypetroleum.com

ASX and Media Release

20th August 2010

RESTRUCTURE OF BOARD FURTHER CORRESPONDENCE

Key Petroleum Limited (ASX:KEY) advises that it has received additional correspondence from the Requisitioning Shareholders legal representative, a copy of which is attached.

The Board holds to its views expressed in the earlier ASX announcement issued today.

Ken Russell
Managing Director

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

Ken Russell
Managing Director
+ 61 8 9327 3500
info@keypetroleum.com

or

John Ribbons
Company Secretary
+ 61 8 9389 2123

or

Ian Howarth
Collins Street Media
+ 61 3 9223 2465
ian@collinsstreetmedia.com.au

20 August 2010

URGENT

Board of Directors
Key Petroleum Ltd
Level 1/14 Outram Street
WEST PERTH WA 6005

Dear Directors,

**Key Petroleum Limited (ASX:KEY)
Requisition for shareholders meeting to restructure board pursuant to section
249D of Corporations Act**

We refer to the section 249D notice served on the Board of Key Petroleum Limited (**the Company**) earlier today and the subsequent Company ASX announcement and media release (**ASX announcement**).

The Requisitioning Shareholders are of the strong opinion that the ASX announcement does not truly represent to shareholders all of the relevant facts. Accordingly we have been requested to clarify the following points and demand this letter be released to the ASX and included as an addendum to the Requisitioning Shareholders 249P Statement.

1. The Requisitioning Shareholders did, through their nominees and legal representatives, approach and hold confidential discussions with the Board about changes to the board composition before filing the 249D notice (**the 249D notice**).
2. Before filing the 249D notice the Requisitioning Shareholders did put before the Board a proposal which would allow Mr Wilkins to remain as a director of the Company provided that one of the nominees put forward by the Requisitioning Shareholders would be appointed as Chairman. This proposal was suggested because:
 - (a) Mr Wilkins is currently engaged to provide professional services and is acting in a semi executive role; and
 - (b) it would help to alleviate the concerns of the Requisitioning Shareholders that there is insufficient independence.
3. The proposal would have seen Messrs Russell and Wilkins remain as directors and Messrs Arulampalam and Cannavo appointed as new directors, with Mr Arulampalam taking on the role of Chairman.
4. The proposed restructure as outlined in paragraph 3 above also provided for the transition to occur post the General Meeting scheduled for 31 August 2010 thus allowing for Messrs Eilyard and O'Shannassy to remain as directors until this time.
5. The Board rejected this proposal on the basis that it felt Mr Wilkins would best serve the Company as Chairman in the interim because of the upcoming annual report and because he lived in Perth.

6. The Requisitioning Shareholders made it very clear to the Board that they would prefer to resolve the issue of board composition and corporate governance "behind closed doors" and that filing the 249D notice would be the last resort.
7. The Requisitioning Shareholders, their nominees and legal representatives, are extremely disappointed that the Board has felt it necessary to make reference to discussions which they believed were confidential at the time.
8. The Requisitioning Shareholders have made it clear to the Board that the proposal for a new board composition, as outlined in paragraph 3 above, remains open for acceptance. If accepted, the 249D notice will be withdrawn and there will no need to incur the costs associated with calling a general meeting to consider the resolutions proposed in the 249D notice.
9. The Requisitioning Shareholders remain committed to supporting the Company and have taken this action because they believe it is in the interest of the Company to have a new board which will help drive and grow the Company.
10. It is now in the hands of the Board to determine whether or not to accept the proposed board restructure.

A copy of this letter has been sent to the ASX Company's Announcement Office.

Yours faithfully,
Prosperity Legal



Chris Burrell
Managing Partner
+61 3 5221 8414
chris@prosperitylegal.com.au

cc. Australian Stock Exchange
Company's Announcement Office
Fax No 1300 135 638