

KEY PETROLEUM LIMITED  
ABN 50 120 580 618

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

**Date of Meeting**  
30 November 2011

**Time of Meeting**  
10:00 am

**Place of Meeting**  
The Celtic Club  
48 Ord Street  
West Perth WA 6005

*The 2011 Annual Report may be viewed on the Company's website at*

[www.keypetroleum.com](http://www.keypetroleum.com)

For personal use only

## KEY PETROLEUM LIMITED

Notice of Annual General Meeting 30 November 2011

---

KEY PETROLEUM LIMITED  
ABN 50 120 580 618  
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 Celtic Club, 48 Ord Street, West Perth WA 6005 on 30 November 2011 at 10:00 am for the purpose of transacting the following business.

### ORDINARY BUSINESS

#### 2011 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2011, consisting of the Annual Financial Report, the Directors' Report and the Auditor's Report.

#### Resolution 1 – Re-election of John Sheppard as a Director

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

*"That John Sheppard, 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."*

**Short Explanation:** Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election.

#### Resolution 2 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following advisory only resolution:

*"That, for the purposes of Section 250R (2) of the Corporations Act, and for all other purposes, approval is given for the Remuneration Report forming part of the Company's 2011 Annual Report to be adopted."*

**Short Explanation:** Section 250R of the Corporations Act requires a listed company to put to Shareholders at each AGM 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 to Shareholders for discussion of the Remuneration Report at the Annual General Meeting.

#### Resolution 3 – Authority to Issue and Allot Shares

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 ASX and for all other purposes, approval is given for the Company to be authorised to issue and allot up to 52,000,000 Shares issued on the terms set out in the Explanatory Memorandum accompanying this Notice."*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to authorise the Company to issue these securities. 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 Resolution 3 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.

## KEY PETROLEUM LIMITED

Notice of Annual General Meeting 30 November 2011

---

A proxy form is attached.

To be valid, properly completed proxy forms must be received by the Company no later than 10:00 am (WST) on 28 November 2011:

- by post at PO Box 1153 West Perth 6872;
- by facsimile on +61 8 9389 2199; or
- by email: [proxy@dwcorporate.com](mailto:proxy@dwcorporate.com)

By order of the Board

A handwritten signature in blue ink that reads "John Ribbons". The signature is written in a cursive style with a large loop at the beginning.

John Ribbons  
Company Secretary  
Date: 24 October 2011

For personal use only

## KEY PETROLEUM LIMITED

Notice of Annual General Meeting 30 November 2011

---

### 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 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 4:00 pm Perth time on 28 November 2011 will be entitled to attend and vote at the AGM.

### 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.

For personal use only

## KEY PETROLEUM LIMITED

Notice of Annual General Meeting 30 November 2011

---

### EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Key Petroleum Limited ABN 50 120 580 618 (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005, on 30 November 2011 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.

At the AGM, Shareholders will be asked to consider the following Resolutions:

- re-electing Mr John Sheppard as a Director, who retires by rotation in accordance with the Company's constitution;
- adopting the Remuneration Report; and
- Authority to Issue and Allot Shares

#### Financial and Other Reports

As required by section 317 of the Corporations Act, the financial statements for the year ended 30 June 2011 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report will be laid before the meeting.

Neither the Corporations Act, nor the Company's Constitution requires a vote on the reports. However, the Shareholders will have an opportunity to ask questions about the financial statements at the AGM.

#### Resolution 1 – Re-election of John Sheppard as a Director

##### Introduction

In accordance with ASX Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each AGM. Accordingly, Mr John Sheppard retires by rotation and, being eligible, offers himself for re-election.

Resolution 1 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

##### Director's Biography

Mr Sheppard is a senior executive with oil and gas, finance and business development skills. He has extensive experience in corporate governance, strategic planning, business development, mergers and acquisitions, capital development and project financing nationally and internationally in the resources and finance areas built up over 42 years. He has managed final investment decision process for a Philippines petroleum project, established an oil and gas division for a private company in Australia and America.

##### Directors' Recommendation

All the Directors except for Mr Sheppard recommend that Shareholders vote in favour of Resolution 1.

## KEY PETROLEUM LIMITED

Notice of Annual General Meeting 30 November 2011

### Resolution 2 – Adoption of Remuneration Report

#### Introduction

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about the Board's policy for determining the nature and amount of remuneration of the Directors and senior executives of the Company;
- a description of the relationship between the Company's remuneration policy and the Company's performance;
- a summary of performance conditions for each of the Directors and senior executives, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each Director and for each of the Company's specified executives.

The Remuneration Report, which is part of the 2011 Annual Report, has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the 2011 Annual Report are available by contacting the Company's share registrar or visiting the Company's web site [www.keypetroleum.com](http://www.keypetroleum.com).

The results of the Shareholder vote on Resolution 2 are particularly relevant for the Company's next AGM following recent amendments to the Corporations Act, which took effect on 1 July 2011. If 25% or more of the votes cast on Resolution 2 are against the adoption of the Remuneration Report, then at the Company's subsequent AGM a resolution must be put to Shareholders as to whether another meeting should be held within 90 days at which all Directors (other than the Managing Director) who were in office at the date of approval of the relevant Remuneration Report must stand for re-election.

#### Voting on the Remuneration Report

In accordance with section 250R(4) of the Corporations Act, a vote on the Remuneration Report Resolution must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on the Resolution if:

- (c) the person does so as a proxy appointed in writing that directs how the proxy is to vote on the Remuneration Report Resolution; and
- (d) the vote is not cast on behalf of the person described in paragraphs (a) or (b) above.

In respect of Resolution 2, Shareholders are advised that their votes will not be counted if the Chairman is appointed to vote on their behalf with an undirected proxy form. As a result, if Shareholders wish to appoint the Chairman to vote on their behalf, they should ensure that they have specified the way that the Chairman must vote on Resolution 2.

### Resolution 3 – Authority to Issue and Allot Shares

Shareholder approval is sought for the purpose of ASX Listing Rule 7.1 to issue 52,000,000 Shares as consideration to Empire Oil & Gas NL ("Empire") for the issued capital of Gulliver Productions Pty Ltd ("Gulliver Productions"), a subsidiary company of Empire. The Company has no current relationship with Empire Oil & Gas NL and the proposed transaction is at arm's length and on commercial terms.

The Company will acquire the legal and beneficial interests in the following Petroleum Permits as follows:

Exploration Permit EP-104	14.8%
Exploration Permit EP-438	20.0% (post farm-in)
Exploration Permit EP-448	70.0%
Retention Licence RL-1	14.8%
Production Licence L-15	49.0%

## KEY PETROLEUM LIMITED

Notice of Annual General Meeting 30 November 2011

ASX Listing Rule 7.1 provides that the prior approval of the Shareholders of the Company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Up to 52,000,000 Shares are proposed to be issued by the Company pursuant to Resolution 3 which will exceed the 15% threshold referred to in Listing Rule 7.1 and, accordingly, Shareholder approval under Listing Rule 7.1 is sought.

The proposed issue of Shares will be to persons who are not related parties of the Company and is placed before Shareholders to allow the Shares to be excluded from the calculation set out in ASX Listing Rule 7.1.

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) the maximum number of securities to be issued pursuant to Resolution 3 is 52,000,000 Shares;
- (b) the deemed issue price of the Shares will be 1.5962 cents per share;
- (c) No funds will be raised from the issue as the Shares will be issued as consideration for the acquisition of Gulliver Productions Pty Ltd, a subsidiary company of Empire Oil & Gas NL;
- (d) it is anticipated that the securities will be issued, in total, no later than 3 months after the date of the Meeting, or such later date as approved by ASX by way of ASX granting a waiver from the listing rules;
- (e) the Shares will be allotted to Empire Oil & Gas NL;
- (f) allotment of Shares will occur progressively;
- (g) the Shares will rank equally with the existing Shares on issue; and
- (h) a voting exclusion statement is included in the Notice.

### Capital Structure of the Company

The capital structure of the Company following successful completion of the issue and allotment, the subject of Resolution 3, is summarised below:

#### Details of Number of Shares and Options:

	Shares	Options
Current	216,047,707	41,425,058
Resolution 3	52,000,000	Nil
<b>TOTAL</b>	<b>268,047,707</b>	<b>41,425,058</b>

## KEY PETROLEUM LIMITED

Notice of Annual General Meeting 30 November 2011

---

### GLOSSARY

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

<b>AGM</b>	means an Annual General Meeting.
<b>ASX</b>	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
<b>Board</b>	means the board of Directors of the Company.
<b>Closely Related Party</b>	has the same meaning as defined in Section 9 of the Corporations Act.
<b>Company</b>	means Key Petroleum Limited ABN 50 120 580 618.
<b>Corporations Act</b>	means Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Explanatory Memorandum</b>	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Notice or Notice of Meeting</b>	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
<b>Resolution</b>	means a resolution contained in the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a share.



## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 KEY  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

For your vote to be effective it must be received by 10.00am (WST) Monday 28 November 2011

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**



View the annual report, 24 hours a day, 7 days a week:

**[www.keypetroleum.com](http://www.keypetroleum.com)**

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

This Document is printed on Greenhouse Friendly™ ENVI Laser Carbon Neutral Paper

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Key Petroleum Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Key Petroleum Limited to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on Wednesday, 30 November 2011 at 10.00am (WST) and at any adjournment of that meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business other than in respect of Item 2, where the company has determined that the Chairman is unable to do so.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

#### ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Re-election of John Sheppard as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Authority to Issue and Allot Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

KEY

999999A

Computershare +