



ABN 50 120 580 618

## NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**TIME:** 11:30 am WST

**DATE:** Tuesday, 22 November 2016

**PLACE:** Quest West Perth  
Level 1  
54 Kings Park Road  
West Perth, Western Australia

This Notice of Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company on +61 8 6389 0322.

The Annual Report is available online visit [www.keypetroleum.com.au](http://www.keypetroleum.com.au)

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

The Annual General Meeting of Shareholders to which this Notice of Meeting relates will be held at **11:30 am WST** on Tuesday, **22 November 2016** at:

**Quest West Perth  
Level 1  
54 Kings Park Road  
West Perth, Western Australia**

**YOUR VOTE IS IMPORTANT**

The business of the Annual General Meeting affects your shareholding and your vote is important.

**VOTING IN PERSON**

To vote in person, attend the Meeting on the date and at the place set out above. If you wish to attend the Meeting, please arrive 20 minutes prior to the start of the Meeting to facilitate the registration process.

**VOTING BY PROXY**

If you are unable to attend the Meeting please complete and return the enclosed Proxy Form in accordance with the specified instructions.

To vote by proxy:

- (a) the signed and completed Proxy Form (enclosed with this Notice); and
- (b) if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed (e.g. a power of attorney), or a certified copy of it,

should be returned as follows:

**Online:** [www.investorvote.com.au](http://www.investorvote.com.au)

**By Mobile:** Scan the QR Code on your Proxy form and follow the prompts

**By Mail to:** Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne, Victoria 3001

**By Facsimile Transmission:** 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

**By Hand to:** Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000

**Custodian Voting:** For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions

To be effective a completed proxy form and power of attorney (if any) must be received by **11.30 am WST, Sunday, 20 November 2016**, or adjourned meeting as the case may be, at which the individual named in the Proxy Form proposes to vote. Any Proxy Form received after that time will not be valid for the scheduled meeting.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Key Petroleum Limited (**Company**) will be held at Quest West Perth located at Level 1, 54 Kings Park Road, West Perth, Western Australia on **Tuesday, 22 November 2016** commencing at **11:30 am WST**.

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

### AGENDA

#### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

#### Voting Prohibition Statement:

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman of the Meeting and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

If you are a member of the Key Management Personnel of the Company or a Closely Related Party of such person (or are acting on behalf of such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

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## 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MIN YANG

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 14.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Min Yang, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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## 3. RESOLUTION 3 – RATIFICATION OF PAST ISSUE OF SHARES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 108,353,766 fully paid ordinary shares in the Company issued on 8 March 2016 on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 3 by any person that participated in the issue 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 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.

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## 4. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 4 by a person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed, and any person associated with those persons. 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 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.

**Important note:** The proposed allottees of any Equity Securities under the 10% Placement Facility are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person’s vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Facility the subject of this Resolution 4), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

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## 5. RESOLUTION 5 – SHARE PLACEMENT FACILITY

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, the Directors be authorised to issue up to 250,000,000 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 and conditions set out in the Notice and Explanatory Statement.”*

**Voting Exclusion:** The Company will, in accordance with the Listing Rules of the ASX, disregard any votes cast on Resolution 5 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.

**Important note:** The proposed allottees of any Shares under the Share Placement Facility the subject of this Resolution 5 are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person’s vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Shares issued under the Share Placement Facility the subject of this Resolution 5), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

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## 6. RESOLUTION 6 – GRANT OF OPTIONS TO MANAGING DIRECTOR, KANE MARSHALL

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, 20,000,000 Options be granted to Kane Marshall (or his nominee) under the “Key Petroleum Limited Employee Share Option Plan” for the purpose and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 6 by Kane Marshall and any person associated with him. However, the Company need 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.

**Voting Prohibition Statement:** The Company will disregard any votes cast on Resolution 6 by any member of the Key Management Personnel of the Company, or a Closely Related Party, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 6. However, the Company will not disregard any votes cast on Resolution 6 by such person if the person is the Chairman of the Meeting voting an undirected proxy and their appointment expressly authorises the Chairman to exercise the proxy even though Resolution 6 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a Closely Related Party (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

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**DATED: 10 OCTOBER 2016**

**BY ORDER OF THE BOARD**



**IAN GREGORY  
COMPANY SECRETARY**

## **PROXIES**

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes;
- (c) a proxy need not be a member of the Company; and
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its corporate representative to exercise any of the powers the body may exercise as a proxy at the Meeting (as to the appointment of corporate representatives, please see below).

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## **CORPORATE REPRESENTATIVE**

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A 'Certificate of Appointment of Corporate Representative' is enclosed if required.

## **ENTITLEMENT TO ATTEND AND VOTE**

In accordance with the Constitution and the *Corporations Regulations 2001* (Cth), the Company may specify a time, not more than 48 hours before the Meeting, at which a "snap-shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4.00 pm (WST) on Sunday, 20 November 2016.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Meeting to be held at Quest West Perth located at Level 1, 54 Kings Park Road, West Perth, Western Australia on **Tuesday, 22 November 2016** commencing at **11:30 am WST**.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

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### FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act and the Company's Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report (**Annual Financial Statements**).

The Company's annual report to Shareholders, which includes the annual financial report, is available on its website at [www.keypetroleum.com.au](http://www.keypetroleum.com.au).

There is no requirement for Shareholders to approve the Annual Financial Statements.

The Company's auditor, Bentleys, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the preparation and content of the auditor's report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting date to the registered office of Key Petroleum Limited at Level 2, 47 Stirling Highway, Nedlands, Western Australia 6009 or to facsimile number +61 8 6389 0697.

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### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors. The Directors' Report can be found within the Company's annual report which is available on the Company's website at [www.keypetroleum.com.au](http://www.keypetroleum.com.au).

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. The Chairman of the AGM will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

Although voting on the adoption of the Remuneration Report is for advisory purposes only, if there are two consecutive votes at annual general meetings of the Company against the Remuneration Report of 25% or more (each year's votes being considered a **Strike**), at the second consecutive annual general meeting at which a Strike occurs (**Second Strike**), a resolution must be put to Shareholders to hold another meeting where each Director is nominated for re-election (**Spill Resolution**). If the Spill Resolution is passed, then the Company is required to hold an additional general meeting (**Further Meeting**) within 90 days of the Spill Resolution. At the Further Meeting all Directors (excluding the Managing Director) must be nominated for re-election.

The Company's Remuneration Report did not receive a Strike at the Company's previous annual general meeting held on 23 November 2015. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the 2016 Remuneration Report are against the adoption of the 2015 Remuneration Report.

Section 250R(4) of the Corporations Act prohibits any votes on this Resolution being cast by Key Management Personnel (or their associates) whose remuneration details are disclosed in the Remuneration Report. However, an exception to this prohibition exists to enable the Chairman to vote shareholders' undirected proxy votes. In this regard, you should specifically note that if you appoint the Chairman as your proxy and you indicate on the Proxy Form that you do not wish to specify how the Chairman should vote on Resolution 1, the Chairman will cast your votes in favour of Resolution 1. **If you wish to appoint the Chairman as your proxy but do NOT want your votes to be cast in favour of Resolution 1, you must indicate your voting intention by marking either 'against' or 'abstain' against Resolution 1 in the Proxy Form.**

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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## **2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MIN YANG**

In accordance with Listing Rule 14.5 and clause 14.3 of the Constitution, at every annual general meeting an election of Directors must take place. Listing Rule 14.4 and clause 14.3 of the Constitution prevents a Director from holding office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

The Directors to retire are those Directors who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement and in default of agreement by ballot. The Managing Director is exempt from retirement and re-election.

Min Yang retires by way of rotation and, being eligible, offers herself for re-election as a Director.

Ms Yang was appointed as a Non-Executive Director of the Company on 28 January 2014. She resides in Hong Kong and has over 20 years of experience with private and state-run businesses in China and has expertise in the identification of opportunities in resources and financial investment. Currently a Director and Chairman of ASF Group Limited and a Non-Executive Chairman of Rey Resources Limited and ActivEX Limited and a Non-Executive Director Metaliko Resources Limited.

The Directors (excluding Min Yang) recommend that shareholders vote in favour of Resolution 2. The Chairman of the Meeting intends to vote undirected proxies in favour of the Resolution.

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## **3. RESOLUTION 3 – RATIFICATION OF PAST ISSUE OF SHARES**

### **1. Background**

Under ASX Listing Rule 7.1, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without shareholder approval. On 8 March 2016, the Company issued Shares as detailed below.



## **2. ASX Listing Rules**

Listing Rule 7.1 provides that a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Resolution 3 seeks Shareholder approval under ASX Listing Rule 7.4 to ratify the past issue of Shares. The Company confirms that the issue of the Shares the subject of Resolution 3 did not breach ASX Listing Rule 7.1. None of the recipients of the Shares was a related party of the Company within the meaning of the Corporations Act and the ASX Listing Rules.

The effect of the approval under ASX Listing Rule 7.4 of the past issue of Shares will be that the Shares will not be counted as reducing the number of securities which the Company can issue in the future without shareholder approval under the 15% placement limit imposed by ASX Listing Rule 7.1 (i.e. the 15% limit is "renewed" to the extent of the approval).

## **3. Effect on capital of the Company**

The Shares the subject of this Resolution comprise 11.64% of the Company's fully-diluted share capital (based on the number of Shares and Options on issue as at the date of this Notice of Meeting).

## **4. Shareholder Approval**

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

- 4.1** the number, issue price, issue date and recipients of the Shares issued by the Company are as follows:
  - 108,353,766 Shares at an agreed price of \$0.004 per Share to Star Surpass Ltd on 8 March 2016, announced to ASX on 4 March 2016;
- 4.2** the purpose of the issue of the Shares was for funding Key's share of work commitments in the Canning and Perth Basins, assessment of new venture opportunities and ongoing working capital;
- 4.3** all of the Shares issued pursuant to the placement above were fully paid ordinary shares which ranked equally with all other existing Shares from their date of issue; and
- 4.4** a voting exclusion statement is included in the Notice.

## **5. Board Recommendation**

The Board is not aware of any information not set out in this Explanatory Statement that would be reasonably required by Shareholders to make a decision in relation to Resolution 3.

The Board believes that the ratification of the issue of shares is beneficial for the Company. Each of the Directors recommends that Shareholders vote in favour of Resolution 3 as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the 12 months period ending on 7 March 2017, after which date the 15% limit is automatically refreshed in accordance with Listing Rule 7.1. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

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#### **4. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY**

##### **1. Background**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as at the time of this Notice of Meeting and expects to be so at the date of the Annual General Meeting.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 2(c) below).

Key objectives of the Company, as communicated in public announcements, are to continue its focus on operated exploration activities in highly prospective acreage and vertical integration of new business opportunities in high equity positions that align with the Company's exploration portfolio of interests. The Company may use the 10% Placement Facility to acquire new exploration or development opportunities or investments, or for exploration activities encompassing drilling and/or feasibility studies of the Company's projects.

The Board believes that the 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

##### **2. Description of Listing Rule 7.1A**

###### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

###### **(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue three classes of Equity Securities, being Shares, Options and Performance Rights. However Shares are the only class of Equity Securities that are quoted.

###### **(c) Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the

date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4;
- (iv) less the number of fully paid ordinary shares cancelled in the 12 months.

*Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 897,358,441 Shares. Subject to Shareholders approving Resolutions 3 and 4, immediately following the AGM the Company will have the capacity to issue approximately:

- (i) 134,603,766 Equity Securities under Listing Rule 7.1; and
- (ii) 89,735,844 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 2(c) above).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

### **3. Listing Rule 7.1A**

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **4. Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price not less than the minimum issue price calculated in accordance with section 2(e) above.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised) to the extent Shareholders do not receive any Shares under the issue. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.002 50% decrease in Issue Price	\$0.004 Issue Price	\$0.008 100% increase in Issue Price
Current Variable A 897,358,441 Shares	10% Voting Dilution	89,735,844 Shares	89,735,844 Shares	89,735,844 Shares
	Funds raised	\$179,471	\$358,943	\$717,886
50% increase in current Variable A 1,346,037,661 Shares	10% Voting Dilution	134,603,766 Shares	134,603,766 Shares	134,603,766 Shares
	Funds raised	\$269,207	\$538,415	\$1,076,830
100% increase in current Variable A 1,794,716,882 Shares	10% Voting Dilution	179,471,688 Shares	179,471,688 Shares	179,471,688 Shares
	Funds raised	\$358,943	\$717,886	\$1,435,773

**The table has been prepared on the following assumptions:**

- (i) Variable A is 897,358,441 being the number of ordinary securities on issue at the date of this Notice of Meeting.
  - (ii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (iii) No Options (including any Listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
  - (iv) Shareholders approve Resolution 4.
  - (v) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (vi) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  - (vii) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (viii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (ix) The issue price is \$0.004, being the closing price of the Shares on ASX on 10 October 2016.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and drilling and feasibility study

expenditure on the Company's current assets and/or general working capital, consistent with the Company's publically stated strategy.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at last year's Annual General Meeting held on 23 November 2015.

The Company has issued a total of 175,000,000 Equity Securities during the 12 months preceding the date of this Meeting representing approximately 18.8% of the total diluted number of Equity Securities on issue in the Company on 3 October 2016, being 930,858,441.

Information relating to issues of Equity Securities by the Company in the 12 months prior to the date of this Meeting is as follows:

Date of Issue	Allottee	Equity Security	Price (and discount to market if any)	Key terms	Amount Raised: Use of Funds or non-cash Consideration
8 March 2016	Star Surpass Ltd	175,000,000 Shares	\$0.004 per Share.  Shares were issued at no discount to the price on the last trading day prior to the day of issue (\$0.004).	Placement of fully paid ordinary shares.  Shares rank equally with existing Shares.	\$700,000  Of these proceeds \$255,000 has been used for:-  <ul style="list-style-type: none"> <li>• Funding Key's share of work commitments in the Perth and Canning Basins</li> <li>• Assessment of new venture opportunities including WA-481-P; and</li> <li>• Additional Working Capital.</li> <li>• The balance of funds remaining is \$445,000 will be used for development strategy, exploration in the Perth and Canning Basins, land holding costs, and working capital / administration.</li> </ul>

- g) A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities.

In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Facility the subject of Resolution 4), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

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## **5. RESOLUTION 5 – SHARE PLACEMENT FACILITY**

### **1. Background**

Resolution 5 seeks the approval of Shareholders for a Share Placement Facility of up to 250,000,000 ordinary fully paid Shares, which the Directors may utilise to raise additional working capital for the Company.

The Directors believe that it is prudent for the Company to have a Share Placement Facility available so that it has the flexibility to raise additional capital should market conditions provide the opportunity. If not utilised, the facility would lapse 3 months after the date for the meeting.

### **2. ASX Listing Rules**

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 prior Shareholder approval is being sought under Listing Rule 7.1 for the issue of up to 250,000,000 Shares in the Company.

### **3. Shareholder Approval**

In accordance with Listing Rule 7.3 the following information is provided to Shareholders.

- (a) the maximum number of securities that may be issued under Resolution 5 is 250,000,000 Shares;
- (b) any Shares issued in accordance with Resolution 5 will be issued within 3 months from the date of the AGM (or such later date as approved by ASX);
- (c) the Shares will be issued to institutional and sophisticated investors. As at the date of this Notice there has been no decision by the Directors to issue any Shares. Accordingly, the names of any allottee or proposed allottees are not known;
- (d) 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 in which sales on the Company's Shares were recorded on ASX before the day on which an issue is made;
- (e) any Shares issued pursuant to Resolution 5 will rank equally in all respects with existing fully paid Shares issued in the Company;
- (f) funds raised by the issue of any Shares will be issued as additional working capital for the Company to continue exploration of its permits as well as ongoing evaluation of new venture opportunities; and

(g) there is no planned issue date and if there is an issue it will occur progressively.

#### **4. Board Recommendation**

The Board believes that approval of the Share Placement Facility is beneficial for the Company.

The Directors unanimously recommend that shareholders vote in favour of Resolution 5. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

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#### **6. RESOLUTION 6 – GRANT OF OPTIONS TO THE MANAGING DIRECTOR, KANE MARSHALL**

The Board has determined that the grant of Options to Kane Marshall is the most appropriate form of long term incentive for him in the Company's current circumstances. The Board considers that Kane Marshall, to whom it proposes to issue Options, is essential to the operation of the Company's ongoing business.

Accordingly, the Company is proposing, subject to obtaining Shareholder approval, to grant 20,000,000 Options to Kane Marshall, Managing Director, (or his nominee).

The grant of the Options to Kane Marshall is designed to incentivise Kane Marshall for future services and to tie his remuneration to the performance of the Company and align his interests with the interests of Shareholders. The Options to be granted are in addition to Kane Marshall's remuneration package payable by the Company.

##### **Requirement for Shareholder approval**

Pursuant to Chapter 2E of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Section 210 to 216 of the Corporations Act.

A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of a public company, specified members of the director's family and an entity over which a director maintains control.

A "financial benefit" for the purposes of the Corporations Act is also defined widely. It includes a public company issuing securities or granting options to a related party.

The grant of the Options to Kane Marshall (or his nominee) constitutes the giving of a financial benefit to a related party of the Company, as Kane Marshall is a Director. Accordingly, approval is sought under Resolution 6 to grant the Options to Kane Marshall (or his nominee) for the purposes of Chapter 2E of the Corporations Act.

In addition, Listing Rule 10.11 prohibits a company from issuing equity securities (including options) to a related party without shareholder approval. Accordingly, approval is sought under Resolution 6 to issue Options to Kane Marshall (or his nominee) which requires Shareholder approval for the purposes of Listing Rule 10.11.

Approval pursuant to Listing Rule 7.1 is not required in order to issue Options to Kane Marshall (or his nominee) as approval is being obtained under Listing Rule 10.11. Under ASX Listing Rule 7.2 Exception 14, the issues of Options will not be included in calculating the Company's annual 15% placement capacity under Listing Rule 7.1.



## Details of the proposed issue of Options

The Company proposes to issue 20,000,000 Options to Kane Marshall, Managing Director (or his nominee) with an exercise price per Option being the greater of 1.5 cents and 150% of the market price of Key Petroleum Shares determined at the date of grant of the Options as the 5 business days volume weighted average of the Company's Share price up to and including the date of grant (**Exercise Price**). The Options will, subject to the conditions of the Options set out in Annexure A, expire four years after the date of grant.

Notwithstanding the Exercise Price, the Options will not be able to be exercised until the average 30 consecutive day VWAP of the Company's Shares is equal to or greater than 1.5 cents.

The number and value of the Options were derived to provide an appropriate performance linked incentive component of the remuneration package in order to align the interests of Kane Marshall with the interests of Shareholders.

The Options will not have an issue price and no funds will be raised from their grant. Funds raised from the exercise of the Options will be used for general working capital purposes.

The Options will be granted on the terms set out above and in Annexure A to this Explanatory Statement.

The grant of the Options to Kane Marshall (or his nominee) will be equal to approximately 2.15% of the Company's fully-diluted share capital (based on the number of Shares and Options on issue as at the date of this Notice of Annual General Meeting). The Options will be granted as soon as possible after the Annual General Meeting and in any event no later than 1 month after the meeting. The holdings of Shareholders in the capital of the Company will be diluted should the Options to be granted by Resolution 6 be subsequently exercised and shares allotted and issued as a result of that exercise.

The highest and lowest closing market sale price of the Company's Shares on ASX during the 12 months immediately preceding the date of this Notice of Annual General Meeting and the respective dates of those sales were: \$0.006 on 22 October 2015 and \$0.003 on 24 December 2015 respectively.

The closing trading price of the shares 7 days prior to the lodgment of this Notice of Annual General Meeting with the Australian Securities and Investments Commission was \$0.004 on 3 October 2016.

A valuation of the Options was determined using the Black-Scholes option pricing model with the following assumptions:

- (a) the market price of shares is \$0.004 per share (as at 3 October 2016 which is the valuation date for the purposes of this valuation);
- (b) the Options will be exercisable at \$0.015\* each;
- (c) the Options have a life of four years;
- (d) price volatility of the shares during the life of the Options is 91%;
- (e) the current four-year risk free interest rate is 1.79%;
- (f) no discount has been allowed to reflect the unlisted status of the Options; and
- (g) no expectation of dividends.

The Black-Scholes model calculates a value of \$31,662 for the Options to be issued. This valuation is not necessarily the market price at which those Options could be traded and is not automatically the market price for taxation purposes.

\* If Shareholders approve the grant of Options to Kane Marshall, the actual exercise price of the Options will be the greater of 1.5 cents and 150% of the market price of Shares determined at the

time of issue as the 5 business day's volume weighted average of the Company's Share price up to and including the date of grant.

With respect to Kane Marshall, the Directors provide the following information so that shareholders can consider Resolution 6:

Shares held (beneficially)	17,500,000
Options held (expiry 6 August 2017)	12,000,000
4,000,000 at \$0.055 exercise price	
4,000,000 at \$0.065 exercise price	
4,000,000 at \$0.074 exercise price	
Performance Rights held	4,000,000
Annual base remuneration including superannuation *	\$191,625
Value of Options to be issued under Resolution 6 **	\$31,662

\* As per the 2016 Annual Report.

\*\* Applying a Black-Scholes option pricing model and based on the assumptions set out above.

The Company will not provide a loan to Kane Marshall for the purposes of enabling him to exercise the Options.

If the Options the subject of Resolution 6 were granted to Kane Marshall (or his nominee) and were exercised, a total of 20,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 897,358,441 to 917,358,441 (based on the number of Shares on issue at the date of this Notice of Meeting and assuming that no other Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by 2.18%.

The Board is not aware of any information not set out in this Explanatory Statement that would be reasonably required by Shareholders to make a decision in relation to Resolution 6.

#### **Directors' Recommendation**

Except for Kane Marshall who declines to make a recommendation in relation to Resolution 6, each of the other Directors recommends that Shareholders approve the issue of Options under Resolution 6 as the issue of Options is a fundamental factor in the Board's policy to retain and incentivise Kane Marshall and to align the interests of Kane Marshall with the interests of Shareholders whilst preserving the Company's cash reserves.

## GLOSSARY

<b>\$ or A\$</b>	means Australian dollars unless otherwise specified.
<b>ASX</b>	means Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.
<b>ASX Listing Rules or Listing Rules</b>	means the official listing rules of the ASX.
<b>Board</b>	means all or some of the Directors acting as the board of Directors of the Company.
<b>Chairman</b>	means chairman of the Annual General Meeting.
<b>Closely Related Party</b>	means:
of a member of the Key Management Personnel	(a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
<b>Company</b>	means Key Petroleum Limited (ABN 50 120 580 618).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Equity Securities</b>	has the meaning given to that term in the Listing Rules.
<b>Explanatory Statement</b>	means the explanatory statement that accompanies and forms part of this Notice.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards (as defined in the Corporations Act) and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.
<b>Meeting or Annual General Meeting</b>	means the annual general meeting convened by this Notice.
<b>Notice or Notice of Meeting</b>	means this notice of annual general meeting which incorporates the Explanatory Statement and the Proxy Form.

<b>Official List</b>	means the Official List of the ASX.
<b>Option</b>	means an option to acquire a Share.
<b>Proxy Form</b>	means the proxy form that is enclosed with and forms part of this Notice.
<b>Remuneration Report</b>	means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.
<b>Resolution</b>	means a resolution set out in this Notice.
<b>Share</b>	means a fully paid ordinary share in the issued capital of the Company.
<b>Share Registry</b>	means Computershare Investor Services Pty Ltd.
<b>Shareholder</b>	means a registered holder of a Share in the Company.
<b>VWAP</b>	means volume weighted average price.
<b>WST</b>	means Australian Western Standard Time (Perth, Western Australia).

## ANNEXURE A

### TERMS AND CONDITIONS OF THE OPTIONS THE SUBJECT OF RESOLUTION 6

22 NOVEMBER 2016

1. Each option shall be issued for no consideration.
2. Each option entitles the holder to subscribe for one ordinary share in Key Petroleum Limited ABN 50 120 580 618 (**Company**) upon the payment of the Exercise Price per share subscribed for.
3. The options will lapse at 5.00 pm, Western Standard Time on 22 November 2020 (**Expiry Date**).
4. The options will not be capable of being exercised until the average 30 consecutive day VWAP of the Company's shares is equal to or greater than 1.5 cents. For the purposes of these terms and conditions that is when the options are said to vest.
5. The options will not be listed for official quotation on the ASX.
6. There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
7. Option holders have the right to exercise their vested options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the options, and will be granted a period of at least 10 business days before books closing date to exercise the options.
8. There is no right to change the exercise price of the options nor the number of underlying shares over which the options can be exercised, if the Company completes a bonus or entitlements issue.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The options shall be exercisable at any time before the Expiry Date (**Exercise Period**) by the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the option holder to exercise all or a specified number of options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him or her.
11. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the options.
12. Any share allotted as a result of the exercise of an option shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

## CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

### Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (Company),

Insert name of shareholder company

the Company has appointed:

.....,

Insert name of corporate representative

in accordance with the provisions of section 250D of the *Corporations Act 2001* (Cth), to act as the body corporate representative of that company at the meeting of the members of Key Petroleum Limited to be held on 22 November 2016 and at any adjournments of that meeting/all meetings of the members of Key Petroleum Limited.

DATED ..... 2016

---

### Please sign here

Executed by the Company )  
in accordance with its constituent documents )  
)

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)


.....  
Position of authorised representative (print)


---

### Instructions for Completion

- Insert name of appointor Company and the name or position of the appointee (eg “John Smith” or “each director of the Company”).
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
- Insert the date of execution where indicated.
- Deliver or mail the Certificate to the registered office of Key Petroleum Limited at Level 2, 47 Stirling Highway, Nedlands WA 6009 or fax the Certificate to the Key Petroleum Limited registered office at +61 8 6389 0697.

**Lodge your vote:**

 **Online:**  
www.investorvote.com.au

 **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

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

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



**Proxy Form**

**XX**



**Vote and view the annual report online**

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

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

 **For your vote to be effective it must be received by 11:30am (WST) Sunday, 20 November 2016**

**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 or abstain as they choose (to the extent permitted by law). 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 for Postal Forms**

**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 help tab, "Printable 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.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Key Petroleum Limited to be held at Quest West Perth, Level 1, 54 Kings Park Road, West Perth, Western Australia on Tuesday, 22 November 2016 at 11:30am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 6 by marking the appropriate box in step 2 below.

## 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.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Min Yang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Past Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Share Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Options to Managing Director, Kane Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## 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 +