

Key Petroleum Ltd

ACN 120 580 618

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10 October 2007
Ms Elizabeth Harris
ASX Limited
Level 8
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Elizabeth

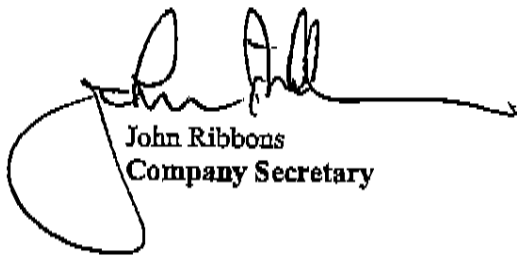
Re: Change of Director's Interest

Key Petroleum Limited ("KEY") acknowledges your letter of 9th October 2007. Accordingly I would like to provide the following responses:

1. The Appendices 3Y were not lodged within the timeframe as set out in ASX listing rule 3.19A as a direct result of an oversight on my part, which I apologise for. The changes to director holdings resulted from each director participating in the non-renounceable entitlement issue pursuant to the Company's prospectus, dated 12 July 2007.
2. The Company is currently reviewing its Share Trading Policy to ensure changes in holdings are promptly notified and disclosure obligations are met under ASX listing rule 3.19A.
3. A more stringent notification system will be introduced in order for the Company to comply with ASX listing rule 3.19B.

Should you wish to to discuss this matter further, please have no hesitation to contact me.

Yours sincerely



John Ribbons
Company Secretary

FAXED
9-October-2007



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Mr John Ribbons
Company Secretary
Key Petroleum Limited
Level 1
14 Outram Street
WEST PERTH WA 6005

Facsimile: (08) 9327 3510/9483 3599

Dear John

Key Petroleum Limited (the "Company")

We refer to the Company's announcements released to the market on 28 September 2007 regarding the Change of Director's Interest for Mr Kenneth John Russell, Mr Terence Percival Nilsen, Mr Dennis William Wilkins, Mr Richard O'Shannassy and Mr Edward John Elyard (the "Directors").

We have reviewed the announcements by the Company, advising of the acquisition of securities held by the Directors. We note that the lodgements of the Appendix 3Y are in breach of listing rule 3.19A as lodgement occurred greater than five business days after the date of acquisition of the securities by the Directors. We take this opportunity to remind the Company of its obligations under ASX Listing Rule 3.19A and 3.19B.

ASX has previously advised through our Company Updates and through a media release that we expect our listed companies to comply with this requirement.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities – Obligations of Listed Entities", ASX would like the Company to respond to the following questions.

1. Why were the Appendices 3Y lodged later than the timeframe set out in listing rule 3.19A?
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or are not being enforced, what additional steps does the Company intend to take to comply with listing rule 3.19B?

Your response to this letter should be sent to me either by email to elizabeth.harris@asx.com.au or by fax to facsimile number (08) 9221 2020 by no later than **4.00pm W.S.T on Tuesday 16 October 2007**. It should not be sent to Company Announcements Office.

ASX reserves the right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly, the response should be prepared in a format suitable for release to the market and separately address each of the questions asked.

Please note that ASX is required to record details of breaches of the listing rules as part of its own reporting requirements. Depending on the nature of any further breach of listing rule 3.19A, ASX may take steps to refer the breach to ASIC for further action.

If you have any queries in relation to this matter, or would like to discuss the issues raised in this letter, please do not hesitate to contact me.

Going forward, please ensure that the Company has adequate arrangements in place with its directors to ensure compliance with the rule.

If you have any queries, please do not hesitate to contact the undersigned on 9224 0011.

Yours sincerely,



Elizabeth Harris
Senior Adviser, Issuers (Perth)

