"Welcome"

ANNUAL GENERAL MEETING

22 NOVEMBER 2010

QV1 Building
250 St Georges Terrace
Perth
Western Australia

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KEY PETROLEUM –
'ITS ABOUT CREATING LONG TERM VALUE'

- **FOCUSED** - Global Portfolio of Assets
- **DIVERSIFIED** - Oil And Gas Expl. And Prod.
- **DISCIPLINED** - Approach to Spending Funds
- **CONSTANTLY SEARCHING** - For New Opportunities
- **LISTEN** - To Our Shareholders Views

FINACIAL STRUCTURE

SHARES ON ISSUE		149,677,405
SHARE PRICE (*19/11/10*)		$0.043
OPTIONS (*Current*)	250,000 @ 30c	Expiring 30/11/2011
	8,200,000 @ 7.5c	Expiring 30/11/2011
OPTIONS (*Expire Now*)	5,000,000 @ 50c	30/11/2010
	700,000 @ 20c	30/11/2010
CASH ON HAND		$2.5 Million
DEBT		Nil
MARKET CAP		$7.0 Million

REMEMBER **: ENTITLEMENTS OFFER IS OPEN,**

CLOSING 17:00 hrs WST – THIS FRIDAY 26TH NOV. 2010

STARTING 2 WELL DRILLING CAMPAIGN IN EP 437

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Our Business Highlights

AUSTRALIA

Highlights of 2009 > 2010

- EP437 Joint Venture
- Potential for 400 bopd production
- Two well drilling programme
- Drilling rig sourced
- Earning 45% interest in block by funding 60% capped at $1.35 Million Dollars
- Drilling planned to take place Q4 2010

ENGLAND

Highlights of 2009 > 2010

- Completed purchase of 100% of MEOL
- Sales revenue from day one
- Operator status in UK
- Lidsey #2 well planning with potential for additional 200-400 bopd oil production
- Well workover and oilfield optimisation
- Experienced worst winter in UK for 30 years

ITALY

Highlights of 2009 > 2010

- West Sardinia:
  Granted exploration status
- Lampedusa:
  Completed work required for exploration status prior to Ministry sign off
- Elba:
  Application for exploration status progressing

TANZANIA

Highlights of 2009 > 2010

- Kiliwani North Contingent Resouce declared of 44BcF (Pmean)
- Additional Kiliwani Seismic completed
- New drilling being planned to take place Q1 2011
- Expansion of Songo Songo plant now expected following announcements

KEY OPERATING AREAS

What is providing the means to transform Key Petroleum ?

- **TEAM OF GOOD, EXPERIENCED AND DEDICATED PEOPLE.**
- **ONSHORE UNITED KINGDOM.**
  - Oil production from two low cost oilfields in Weald Basin
  - **Drilling of development well in Lidsey Oilfield, Lidsey #2z**
- **ONSHORE WESTERN AUSTRALIA**
  - **Two well drilling programme commencing** *NOW !*
  - Opportunity for additional oil production revenue
- **OFFSHORE TANZANIA**
  - Participation in two offshore permits
  - Area has substantial gas, significant long term growth potential
- **MEDITERRANEAN - ON AND OFFSHORE ITALY**
  - Very large market potential
  - Substantial potential resource

KEY'S SHORT TERM OBJECTIVES ?

- *LIFT PRODUCTION TO 1000 BOPD BY MID 2011*
- *ACHIEVE STEP CHANGE IN MARKET CAP*

HOW ARE WE GOING TO ACHIEVE THIS ?

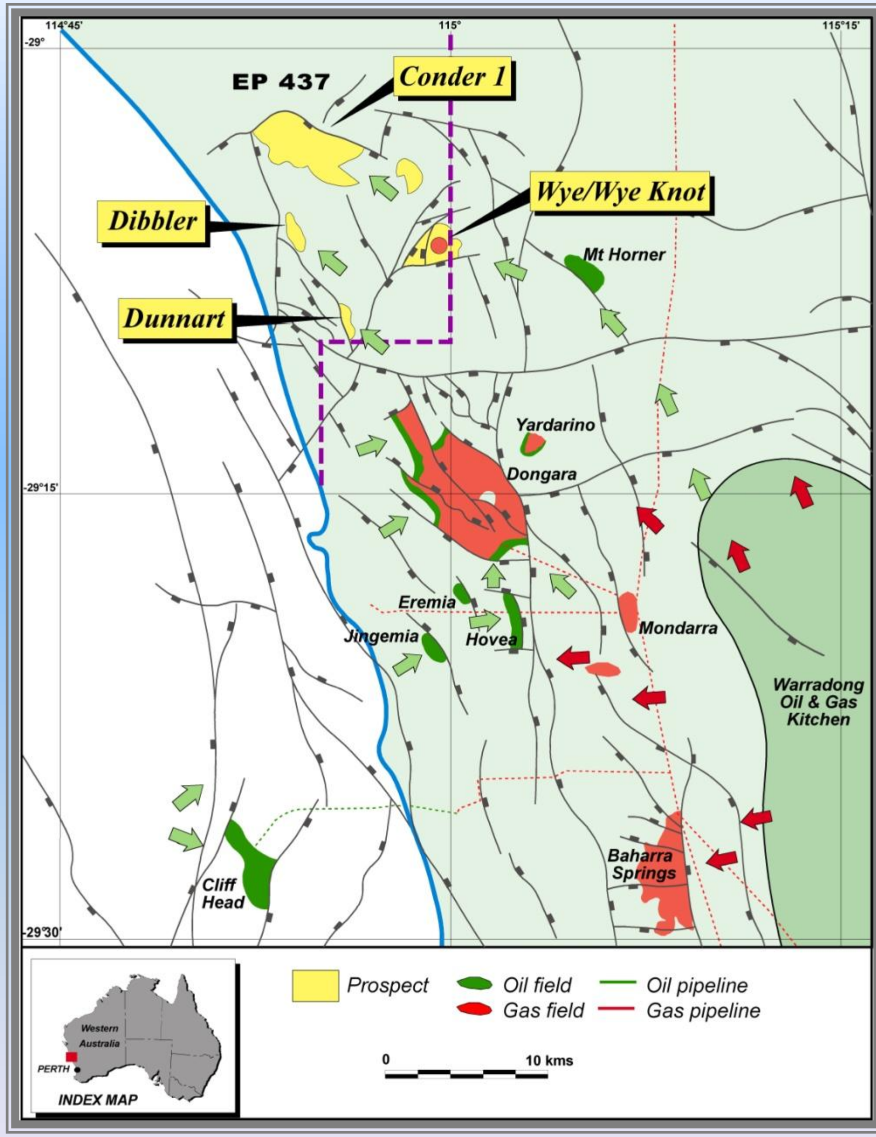
- **Perth Basin**
  - Farmed-in to shallow onshore , low cost drilling campaign
  - Starting now, Dunnart-1 and Dibbler-1 exploration wells. ± 500 BOPD potential

- **UK Development Drilling**
  - Dec 2010 Lidsey-2z development well. Base cases initial prod. 200 ~ 400BOPD

- **Tanzania Exploration Drilling**
  - Early 2011 Nyuni-2 exploration drilling.
    - 1Tcf gas resource potential
    - 207 Bcf gas resource indicated in Nyuni-1.
    - Preparations underway.

EP437 REGIONAL PICTURE

- Key Earning 45%
- Spud - first well – November 2010
- TD of wells ≈ 550 and 720 m
- Oil charge - evident in several EP 437 wells, including Conder-1 (*brown oil stain and blebs of waxy oil in cuttings*)
- Kockatea Shale - one of the best, oil prone marine source rocks identified in Australia.
- Kockatea – source of most oil and some gas in North Perth Basin fields



NOTE: *Late gas charge has displaced oil from large Dongara Gas Field*

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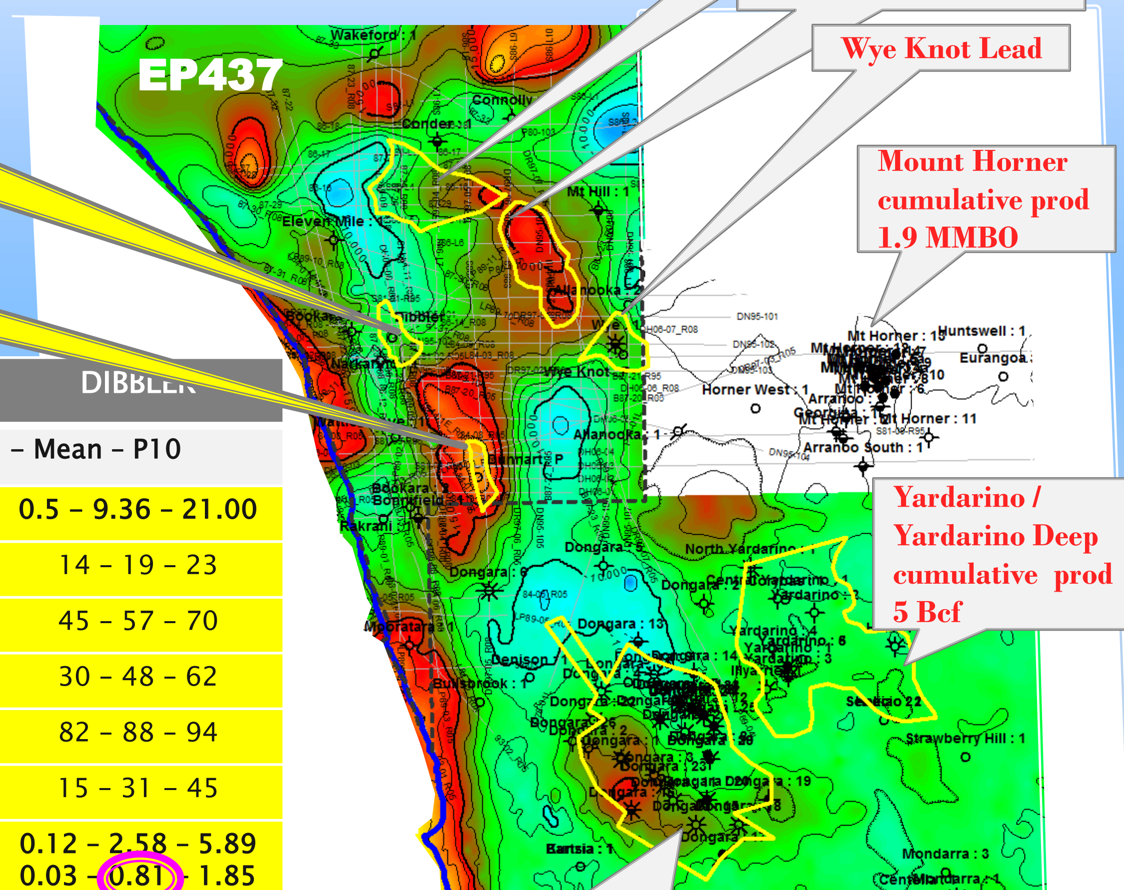
EP 437 PROSPECTS, LEADS & ADJACENT FIELDS

RESIDUAL GRAVITY MAP

DIBBLER

DUNNART

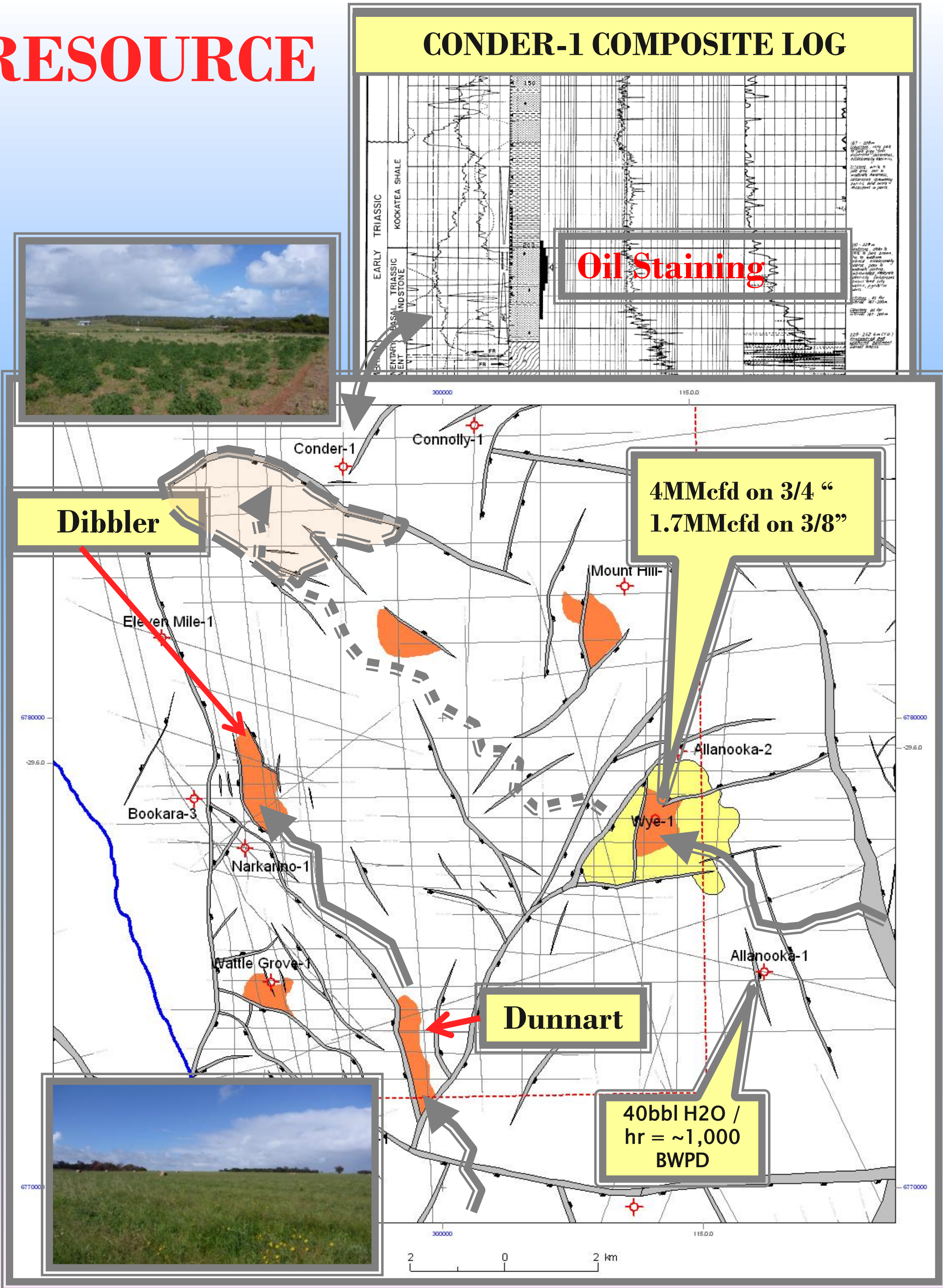
PARAMETER	DUNNART	DIBBLER
	UNRISKED P90 – Mean – P10	
Gross Reservoir Vol. 10^6 m^3	1 – 11.25 –35.00	0.5 – 9.36 – 21.00
Av. Porosity %	14 – 19 – 24	14 – 19 – 23
Av. Oil Saturation %	45 – 58 – 71	45 – 57 – 70
Av. Net:Gross %	31 – 45 – 58	30 – 48 – 62
Av. Surface Vol. %	82 – 88 – 94	82 – 88 – 94
Av. Rec. Factor %	15 – 31 – 45	15 – 31 – 45
POT. RESOURCE STOIP POT. RECOVERY MMBO	0.23 – 4.11 – 9.07 0.07 – 1.29 – 2.82	0.12 – 2.58 – 5.89 0.03 – 0.81 – 1.85



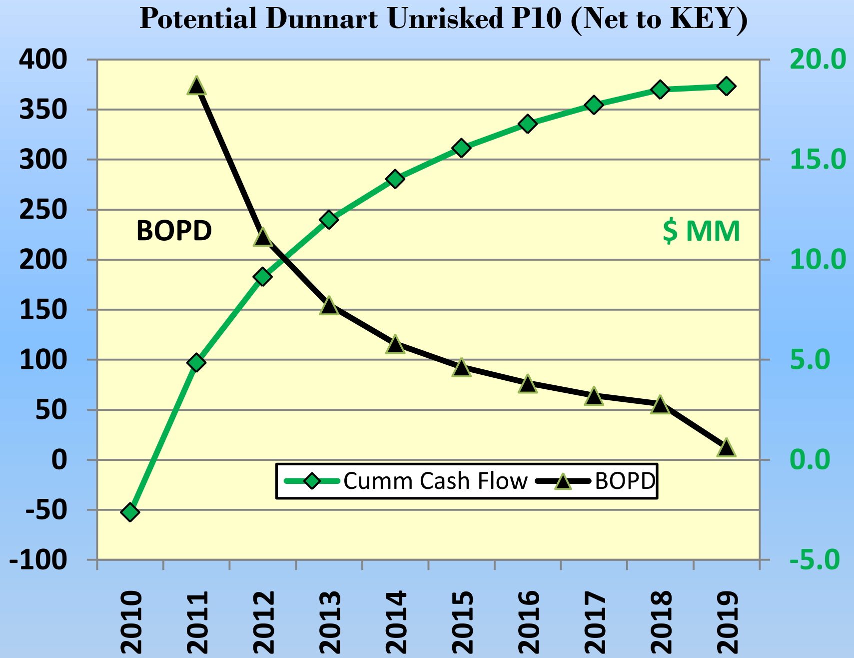
Dongara cumulative prod 455 Bcf + 1.5 MMBO/C.
Discovered on gravity high

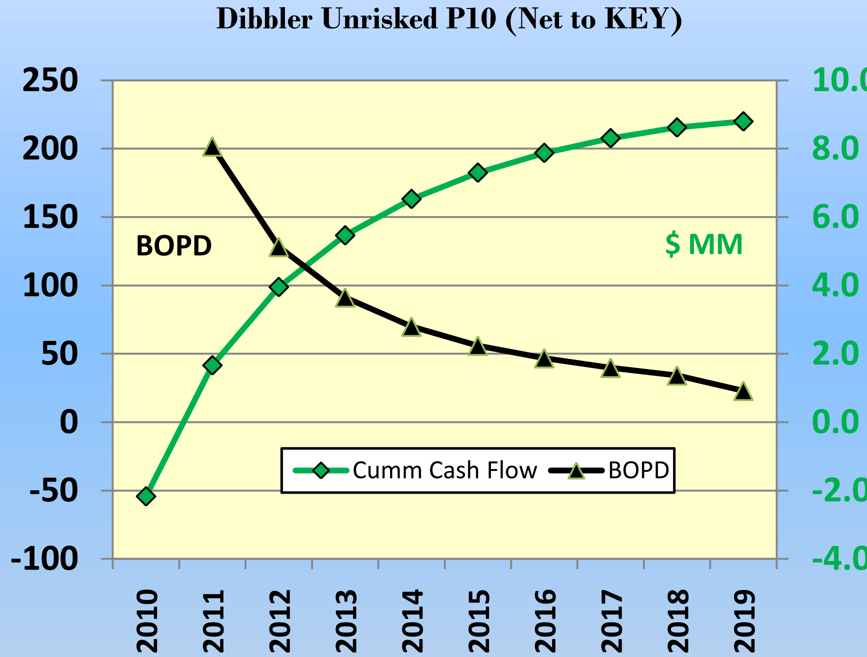
EP 437 - PROSPECTIVE RESOURCE

- 2D seismic coverage & good well control
- Critical Risk: Trap integrity – cross fault seal
- Post-mortems of previous EP 437 wells: Wye-1 dual pool gas discovery was a valid EP 437 test.
- Shallow oil shows in Wye-1 - indicate active abundant oil charge



PAYBACK AND CUMMULATIVE CASH FLOW CHARTS





- NPV before Tax = AUD$13.5 MM
- Netback before Tax = AUD$43.64/bbl
- Calculation's based on US$68/bbl oil price (*Discount to current price built in*)

- Key's NPV before Tax = AUD$6.2 MM
- Netback before Tax =AUD$34.91/bbl
- Calculation's based on US$68/bbl oil price (*Discount to current built in*)

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UK - WEALD BASIN – PRODUCTION & DRILLING ACTIVITY

PRODUCTION (BROCKHAM & LIDSEY):

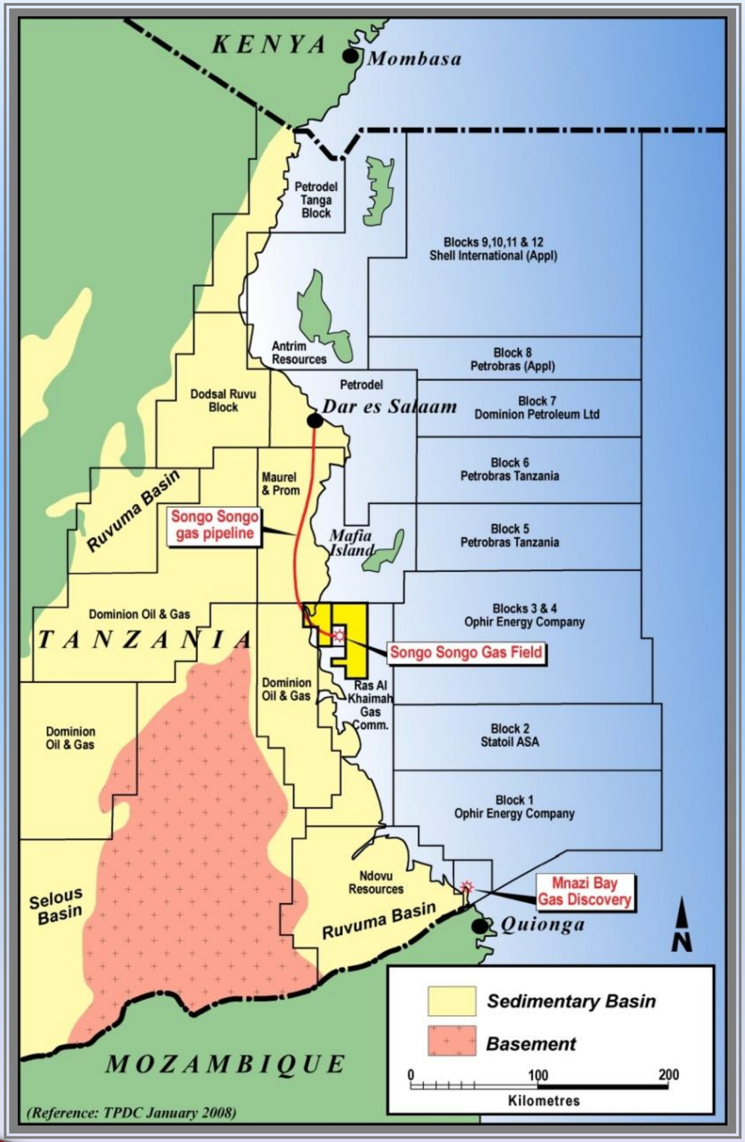
- Acquired beginning of Q4 2009
- Provided oil sales revenue to Key Petroleum from day one (Priced to Brent).
- Currently ≈ 80 BOPD
- Simple process, water knock out production operations

MAIN NEAR TERM FOCUS NOW

LIDSEY #2 - DEVELOPMENT WELL:

- Capital Raising
- Potential to add 200 – 400 bopd
- Drilling Team in UK “Poised”
- Tie Back to Process vessels
- Facilities can handle extra production

TANZANIA



Activity on East African coast increasing –

Offshore Tanzania –

- Deepwater action : Petrobras, Shell, Exxon, Statoil, BG & Ophir

Onshore Tanzania –

- Ongoing drilling by Maurel & Prom and Tullow in Ruvuma

Northern Mozambique –

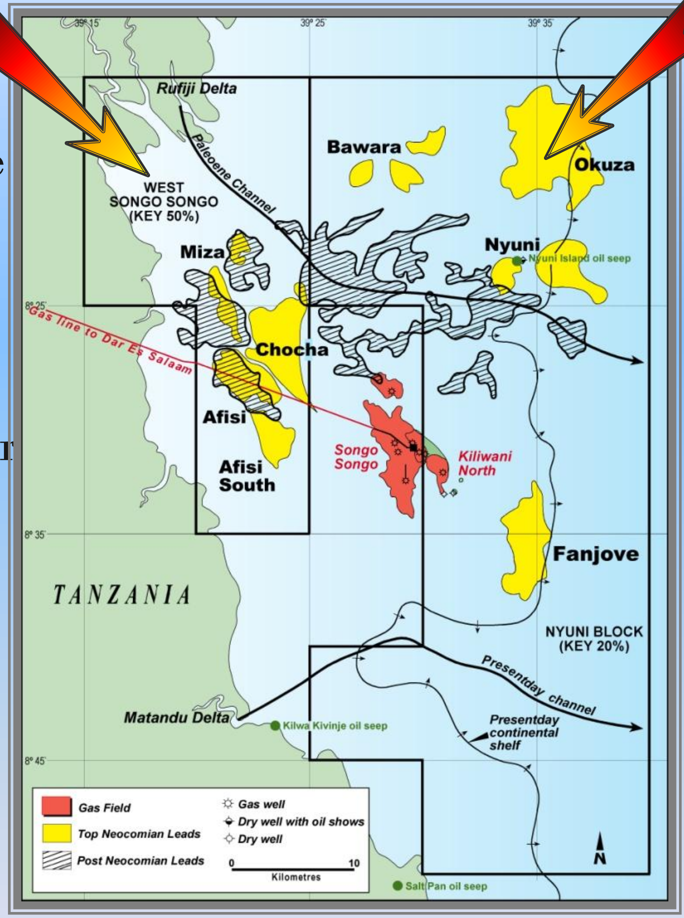
- Anadarko 6 well 2010
- 2-3 discoveries so far
- First deep water oil discovery - Ironclad #1

TANZANIA

WEST SONGO SONGO

50% Key & **Operator**

- **1 Tcf** undiscovered gas
- **Tanzania gas market niche over next 4 years**
- **Sheltered, shallow water,** simple development
- **Dual plays:** Lower & Upper Cretaceous
- **Liquids potential** ?
- **Ongoing industry exploration** in adjacent acreage



NYUNI PSA

20% Key

- **Appraisal seismic shot over** Kiliwani North gas discovery (40 MMscfd)
- **Kiliwani North commercialisation** discussions continue
- **Access to Songo Songo** gas plant
- **2 Tcf** undiscovered gas
- **Large prospect & lead inventory** – Nyuni-2 deviated exploration well Q1 2011
- **Recently improved seismic -** reprocessing

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ITALY

WEST SARDINIA, LAMPEDUSA, & ELBA SOUTH (100%)

- **West Sardinia (Awarded Exploration Status)**
  Frontier shelf area,
  Dual plays – Shallow oil, deep gas.

- **Lampedusa East & West**
  (Award Exploration Status Pending)
  Not explored for 20 years
  Shallow water Pelagian Shelf extensions

- **Elba South (Progressing Exploration Status)**
  Under-explored shelf, prospective for gas, close to major markets

- **Issues**
  New drilling exclusion zones and growing environmental lobby groups

BORSANO LICENCE (100%)

- Close to industrial City of Milan, Po Valley
- Extension Requested, Prospective for both oil and gas

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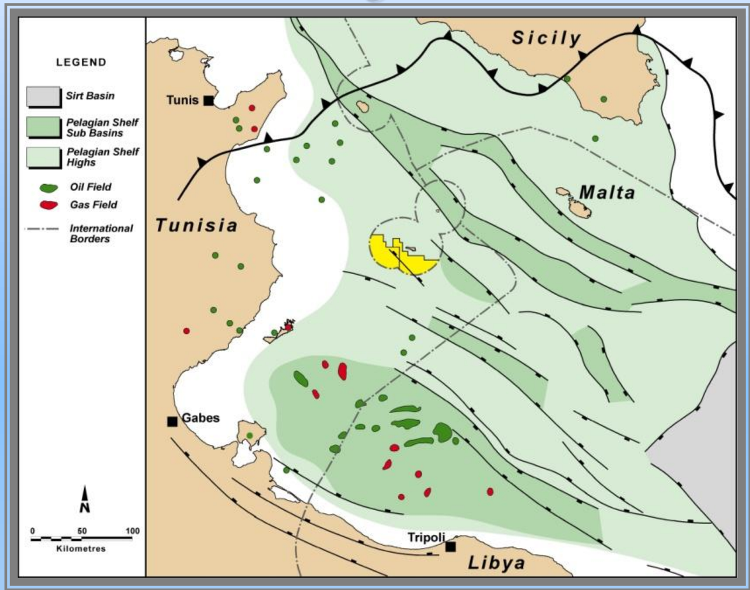
ITALY – LAMPEDUSA APPLICATION AREAS

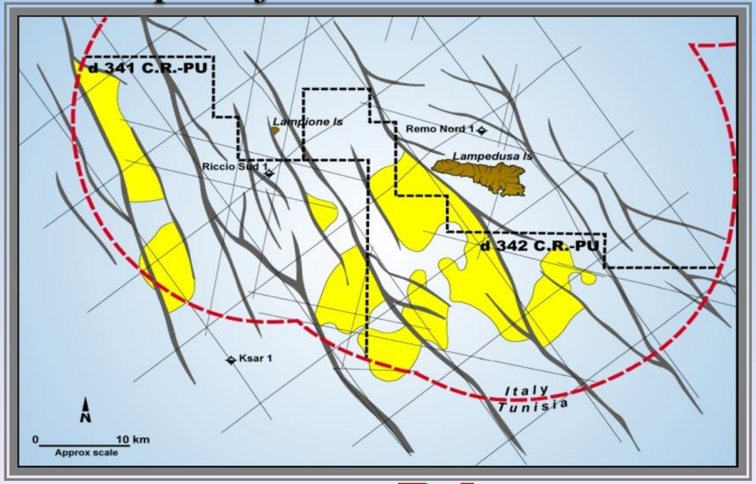
THE PLAY

- Pelagian Shelf (7 BBOE discovered off Tunisia & Libya - Oilsearch 2008)
- Oil prone Cretaceous source rock
- Italian Govt "take" <40%
- Lampedusa unexplored since 1980's
- Key has mapped original seismic data
- Leads with unrisked mean STOIP up to 250MM bbl
- Next step: New seismic needed !
- IF Exclusion zone laws changed ……

The Pelagian Shelf



Top Sedj Formation Leads



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SURINAME

ACTIVITY:

Uitkijk –

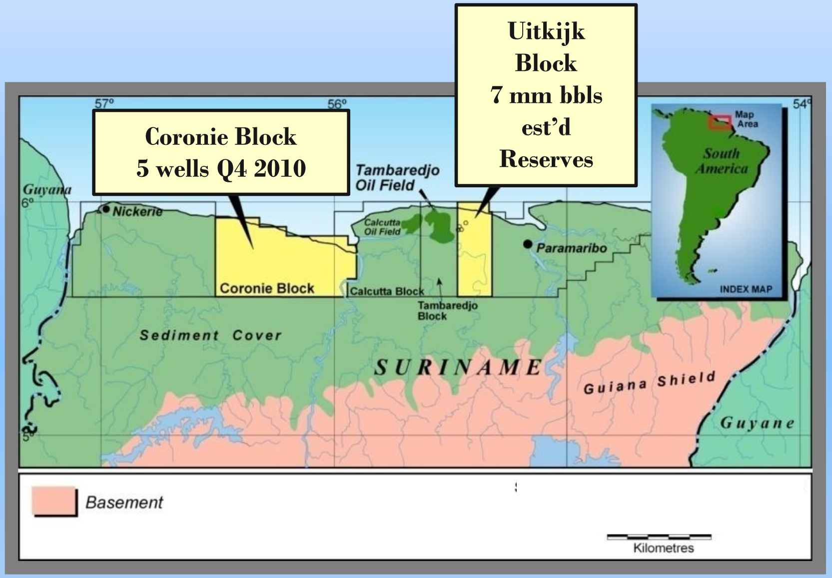
Staatsolie announced 7 mm barrels estimated <u>reserves</u>

- 10 wells drilled - 2008/2009
- Awaiting development plan

Coronie –

- 5 wells to be drilled, (*Tullow announced drilling to commence Q4 2010*)

- Key Petroleum owns 1.75% free carried interest in 2 blocks.



- Participants are - Paradise Oil 60% (Govt.), and Operator
  - Hardman (Tullow) 36.5% and
  - Portsea Oil & Gas 3.5% (50% *owned by Key Petroleum*)

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"THE COMING MONTHS ……… ?:

AUSTRALIA	*ENGLAND*	*TANZANIA*	*SURINAME*
EP 437 Key - 45% DRILLING	BROCKHAM & LIDSEY Key - 100% DRILLING	WSS & NYUNI Key - 20% & 50%	CORONIE Key - 1.75%
ONSHORE	ONSHORE	OFFSHORE/ ONSHORE (Island)	ONSHORE
PERTH BASIN	SOUTHERN ENGLAND	NYUNI BLOCK	
2 WELL EXPLORATION PROGRAMME	1 WELL LIDSEY #2 DEVELOPMENT	1 WELL COMMITMENT NYUNI #2	5 WELLS
NOW STARTED	•STARTING •DECEMBER '10	Q1 2011	Q4 2010
OTHER DRILLING OPPOURTUNITIES IDENTIFIED IN BLOCK	* IF RIG AVAILABLE AND ALL APPROVAL DOCUMENTATION IN PLACE	TANZANIA DIVESTMENT OR DILUTION	

AND ….. NEW OPPORTUNITIES !

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SUMMING UP:

AUSTRALIA (45%)	EP 437 - Drilling Programme And Building On Its Success
UNITED KINGDOM (100%)	Maintaining & Improving Current Production
	Preparations for drilling of development well Lidsey #2 Looking at number of onshore opportunities for drilling participation in 2011
TANZANIA (20% & 50%)	Divestment or Drilling & Development ? Will need to decide.
ITALY (100%)	Work with Authorities to get Lampedusa signed off.
	Prepare for seismic
SURINAME (1.75%)	Onshore drilling in Coronie block by Tullow
NEW VENTURES	Always looking !. International and Domestic

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