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ASX Announcement

Date 16th November 2010

Renounceable Rights Issue and Placement

The Board of Kilgore Oil and Gas Limited has resolved to proceed with a renounceable rights issue of shares on a four for one basis, at an issue price of 0.1 cents (\$0.001) per share ("Rights Issue"). This share issue will apply to shareholders registered as at the record date; an indicative timetable for the Rights Issue is shown below. A final timetable will be included in the prospectus when it is finalised.

Event	Approximate Date
Announcement of Renounceable Rights Issue	16 November 2010
Appendix 3B Lodged	17 November 2010
Lodgement of Prospectus	19 November 2010
Entitlement Trading Commences Existing Shares quoted on an 'ex" basis	23 November 2010
Record Date for determining entitlements	29 November 2010
Prospectus Despatched to Shareholders	3 December 2010
Entitlements Trading Ends	7 December 2010
Acceptances Close	20 December 2010
Despatch Date	30 December 2010

The issue will not be underwritten and, if fully subscribed for, will raise almost \$2.1 million before costs.

In addition the Company intends to make a placement of 78 million shares at the same price to raise a further \$78,000. This placement will be made subsequent to the Record Date for the renounceable rights issue, and will not, therefore, qualify for any entitlements.

The table below shows the maximum number of shares that will be issued on completion of the Rights Issue and Placement.

Current Shares	523,600,006
Maximum to be Issued Under Rights Issue and Placement	2,172,400,000
Maximum Shares Issued on Completion of Rights Issue and Placement	2,696,000,006

Funds raised will be used to clear debt and for working capital purposes.

The Company also wishes to confirm that production from Galveston Block 307L recommenced on 1 November following a shut-in for pipeline maintenance. The three producing wells are currently producing at a combined rate of 6.7 mmcf per day and it is expected that this will shortly stabilise at around 8.5 mmcf.

For further information contact:

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