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ASX and Media Release

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TANZANIAN UPDATE

- **West Songo Songo potential resource of 735 million barrels (MMbbls) of oil or 1.3 trillion cubic feet (tcf) of gas.**
- **Kiliwani North Commercialisation Update**

Key Petroleum Ltd (ASX: KEY) provides an update of work being undertaken in and around the West Songo Songo licence area (Key 50%) and the nearby Nyuni licence area (Key 20%) in offshore Tanzania. Exploration and development work is rapidly increasing the value of these areas which form a significant part of Key Petroleum's international asset portfolio.

West Songo Songo (WSS)

The WSS licence area, between the producing Songo Songo gas field and the Tanzanian coast line, is prospective for Neocomian age hydrocarbon traps similar to those in the nearby Songo Songo and Kiliwani North gas fields.

Based on detailed geological studies since winning the licence in May 2008 KEY now believes the West Songo Songo area has the potential to contain a prospective resource of approximately 735 million barrels (MMbbls) of oil or 1.3 trillion cubic feet (tcf) of gas (combined P10 pre drill estimates).

This is shown in the following table.

Lead	Play level	P10 Prospective Gas GIIP (bcf)	P10 Prospective Oil STOIIP (MMbbls)
<i>Chocha</i>	Neocomian	350	225
	Campanian	48	28
<i>Afisi</i>	Neocomian	225	125
	Campanian	165	95
<i>Miza</i>	Neocomian	45	22
	Campanian	165	95
<i>Afisi South</i>	Neocomian	206	115
<i>Miza North</i>	Neocomian	52	30
Totals	-	1256	735

Key's WSS licence borders the Mandawa licence area operated by Dominion Petroleum Ltd.

Dominion Petroleum Ltd has recently started drilling the Mihambia #1 well which could have important strategic implications for Key.

Publicly available reports suggest that the Mihambia #1 well is targeting multiple reservoir targets of between 38 and 244 million barrels. Drilling is expected to take approximately 45 days. If successful this would be Tanzania's first onshore oil discovery. Key Petroleum believes it has geologically similar targets within its West Songo Songo licence.

Highly-regarded French exploration company, Maurel & Prom, has also taken a 50% interest in the Mandawa block.

RPS Energy, a multi-disciplinary petroleum industry consultancy, in a Competent Persons Report, prepared for Dominion prior to its admission to the AIM in London in December, 2006, estimated that the Mihambia prospect had "mean unrisks" resources of 176 million barrels.

Nyuni Area

Key Petroleum, together with its joint venture partners, own the Kiliwani North gas discovery in the Nyuni area, a potentially valuable source of supply to the domestic and industrial gas markets in Tanzania.

Of particular commercial interest to KEY are the potential gas markets in and around Dar es Salaam, the largest city in Tanzania. Dar es Salaam is Tanzania's richest city and a regionally important economic centre.

There is an obvious growing demand for gas from utilities, business and the domestic market and the joint venture continues its negotiations with TPDC (Tanzanian Petroleum Development Corporation) and the Ministry of Energy to bring about a satisfactory commercialization agreement.

KEY, together with its Nyuni partners, remains committed to identifying ways to increase reserves, develop markets for its successful Kiliwani North #1 gas discovery and monetize its assets.

Key Petroleum's CEO/Managing Director, Ken Russell, said, *"Tanzania has shown itself to be a good place to do business for Key Petroleum."*

"The geological work that our team has been undertaking has provided us with some highly prospective targets in the West Songo Songo licence area."

"Although at an early stage of evaluation these results provide us with a greater level of confidence in our Tanzanian interest".

"Whilst the Kiliwani North #1 gas find is exciting, there are still a number of steps needed on the way to reaching economic returns from the gas pool. However, Key is confident that progress will occur." Mr Russell said.

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Participating Interests

West Songo Songo

Key Petroleum Ltd = 50% (Operator)

Ndovu Resources Ltd (Aminex) = 50%

Nyuni

Key Petroleum Ltd = 20%

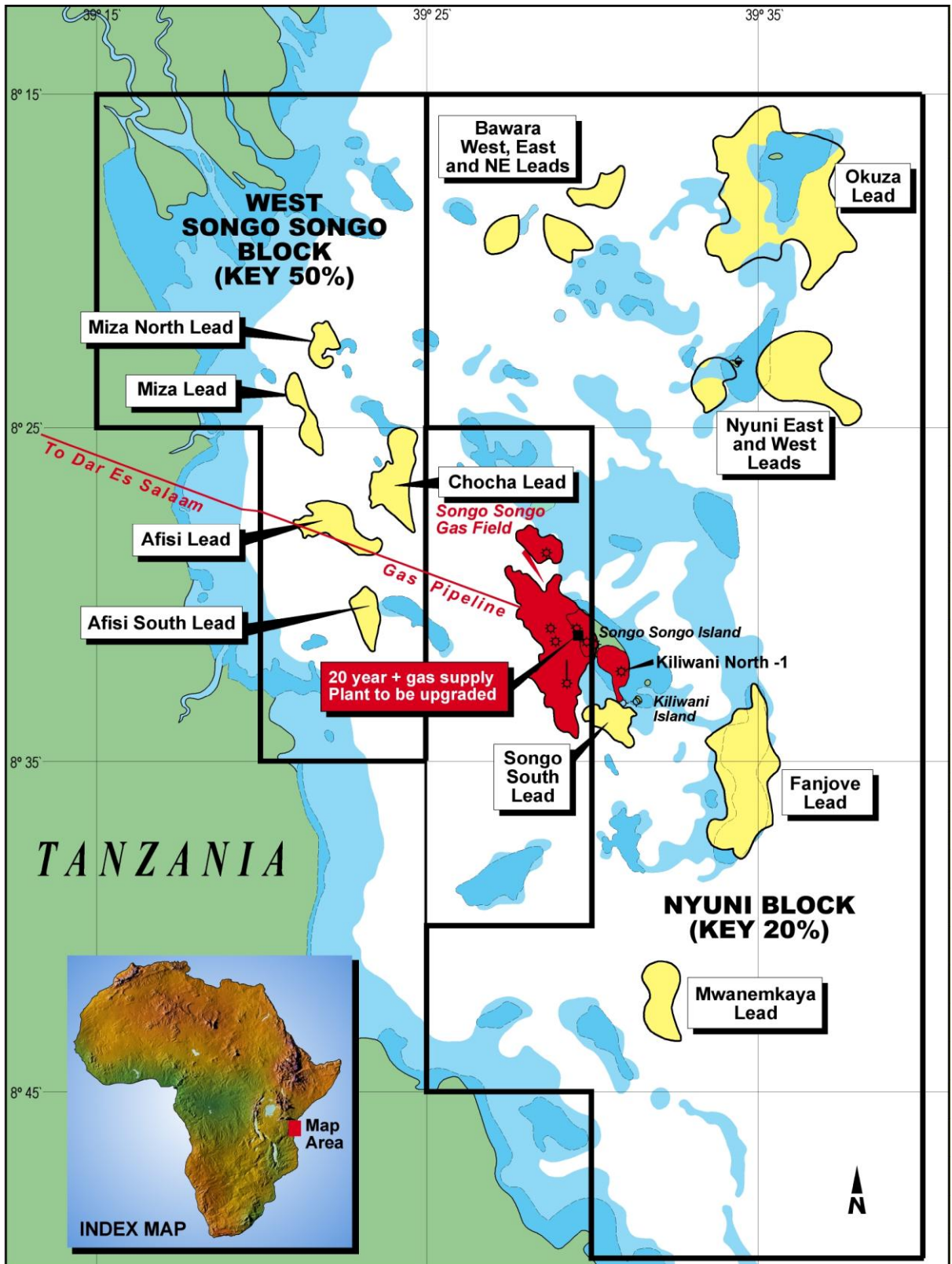
Ndovu Resources Ltd (Aminex) = 40% (Operator)

RAK Gas Commission = 25%

East African Exploration = 10%

Bounty Oil and Gas NL = 5%

NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr. Ken Russell, Managing Director/CEO of Key Petroleum Ltd, who has at least 5 years experience in the sector. He consents to that information in the form and context in which it appears.



- Gas Field
- Reef / Platform
- Shallow water
- Land / Island
- Gas well
- Dry well with oil shows
- Dry well



Key Petroleum Ltd
OFFSHORE TANZANIA
West Songo Songo and Nyuni
Leads Map

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