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ASX and Media Release

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TANZANIAN UPDATE

Key Petroleum Ltd (ASX: KEY) provides an update on the work being undertaken in the Nyuni licence area (Key 20%) and its West Songo Songo area (Key 50% and Operator) both offshore Tanzania.

Nyuni Licence

An Appraisal Location, comprising an area surrounding the Kiliwani North #1 gas discovery, has now been agreed between the Nyuni Joint Venture participants and the Tanzanian authorities. Appraisal within this Location is part of the process towards the granting of a Production Licence. It allows more detailed planning for forward work programmes to be undertaken by the Joint Venture.

A contract for the recording of a new 2D seismic survey has now been signed with BGP of China for acquisition of further data on and around Songo Songo Island. This is required to provide better definition of the Kiliwani North #1 gas discovery which tested gas at 40 million cubic feet per day in June 2008.

This important 2D survey is expected to be completed within three months. The seismic contractor, BGP, has been actively acquiring seismic data on the east coast of Africa for some time working together with other oil and gas exploration companies. They bring a high degree of local knowledge to this programme.

Discussions relating to the terms of the commercialisation of Kiliwani North #1 gas are continuing at present in Tanzania in parallel with the necessary environmental work.

The Joint Venture has analysed a number of options for the commercialisation of the Kiliwani North#1 discovery. In the current economic climate it is now probable that the Kiliwani North#1 gas discovery will aim for full commercial development via the simple tie back method to the Songo Songo gas processing plant.

Further exploration work is at the planning stage for the other prospects that have been identified in the Nyuni licence area.

West Songo Songo (WSS)

Work continues in the evaluation of the WSS exploration licence area. The area is located between the producing Songo Songo gas field and the Tanzanian coast line. Emphasis at this time is focused on geology and geophysical studies. This licence is prospective for Neocomian structural traps as per the Songo Songo and Kiliwani North fields, as well as an exciting, untested shallower stratigraphic play in Campanian age sediments. Analysis of seismic reflections over the Campanian fairway is consistent with the presence of light hydrocarbons.

Key Petroleum's CEO/Managing Director, Ken Russell, said, "We look forward to receiving the results of the Kiliwani North seismic survey".

"This survey should provide further important information required for the commercialization of Kiliwani North".

"The geoscience work that Key Petroleum's geological team continues to undertake in the West Songo Songo licence area is adding greatly to our understanding of the regional geology and how it affects prospective targets." Mr Russell said.

Participating Interests

West Songo Songo

Funguo Petroleum Pty Ltd (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%

For further background information please see the Company's website at www.keypetroleum.com or contact

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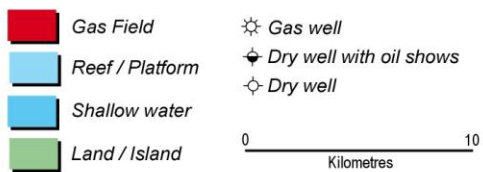
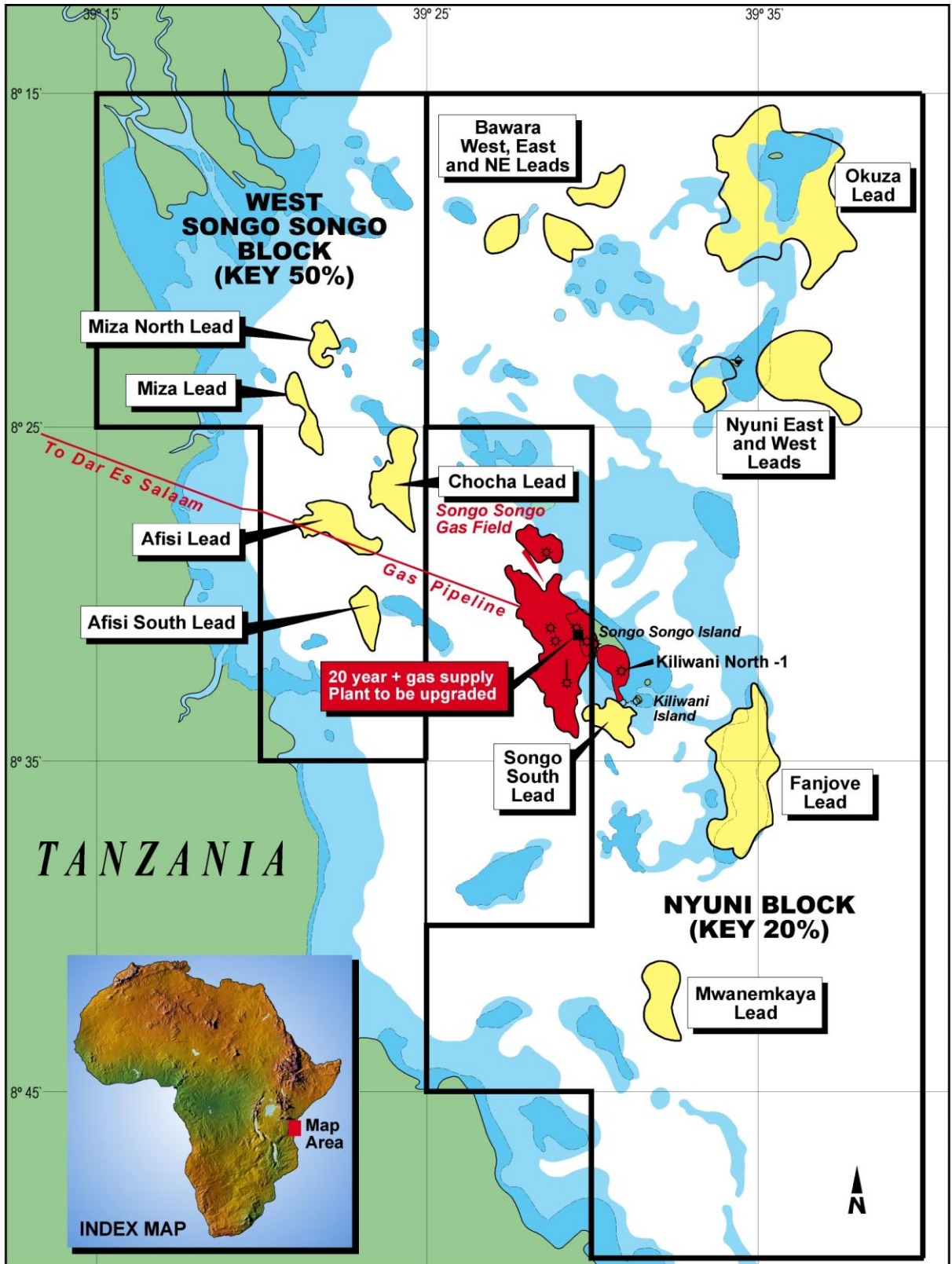
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NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr. Ken Russell, Managing Director/CEO of Key Petroleum Ltd, who has at least 5 years experience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



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

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