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ASX and Media Release

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UPDATE ON ACQUISITION OF 2 UK PRODUCING OILFIELDS

Key Petroleum Ltd (**ASX: KEY**) provides an information update on the progress of its acquisition of Midmar Energy Onshore Limited (Midmar), whose assets include the 2 producing oilfields, Brockham and Lidsey located in the south east of England.

As stated in our ASX / Media release on 26th June 2009 the acquisition is dependent on a number of conditions precedent including governmental approvals and due diligence requirements. Since that announcement Key's due diligence teams have been reviewing Midmar and its assets with a view to expediting the acquisition.

The Company's management can report that due diligence has progressed well to this point and it is currently expected that this review process should be completed well within the time frame previously announced of 45 days.

In parallel with the due diligence process, Key's geological team has been studying the potential of drilling a horizontal well into the Lidsey Formation which will utilize the current Lidsey Field production location. Having a location that is already established reduces the work involved in preparation for a drilling site as well as providing a substantial cost saving. In addition, with production process facilities already in place, any successful well can be tied back into the process system almost immediately, generating cash flow for the Company and providing early pay back of the drilling cost.

Key Petroleum's Managing Director /CEO, Ken Russell, said, *"Having just returned from visiting the two oilfields and witnessing the full oil sale process from tanker loading in the field to the delivery point at the BP Hamble receiving facilities. I am convinced that this acquisition is a very sensible and astute move for the Company"*.

"These fields have been developed to operate on a low operational requirement basis that minimizes operating costs while maximizing the benefits that can be obtained."

“We are looking forward to finalizing the acquisition transaction, obtaining regular oil sales revenue and then the successful drilling of the Lidsey horizontal oil well, planned for early 2010”

“Throughout the coming weeks we will issue further updates on this important transaction for Key Petroleum” Mr. Russell said.

Background:

Key Petroleum Ltd currently is involved in oil and gas projects in Tanzania where it holds interests in the West Songo Songo block (50%) and is the Operator and in the Nyuni block (20%) where the Kiliwani North #1 gas discovery is located. Key also holds both on and offshore interests in Italy, which it owns (100%) and in Suriname, an established oil producing area where it indirectly holds a free carry interest in 2 onshore blocks, Coronie and Uitikijk.

For further background information on Key Petroleum please see the Company’s website at <http://www.keypetroleum.com> or contact

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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.