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ASX and Media Release

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UPDATE ON ACQUISITION OF 2 UK PRODUCING OILFIELDS

&

PROGRESS ON ITALIAN APPLICATION AREAS

Key Petroleum Ltd (**ASX: KEY**) provides a further 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, and also on the transition from application to licences of its 4 offshore areas in Italy.

UK ACQUISITION:

As stated in our ASX / Media release on 15th July 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, both in the UK and in Australia, have been further reviewing Midmar and its producing oilfields. The Company's management can report that the due diligence process is continuing to progress well with completion of the process due over the next week.

In addition, the stability of world oil prices and the continuing strength of the Australian dollar at this time further adds to the Company's desire to complete the acquisition of these assets in the shortest time frame possible. Planning for the proposed horizontal well at the Lidsey oilfield, which has the potential to increase production by up to 500 bbls per day, is also ongoing.

ITALY OFFSHORE:

Key has received notification, via its 100% owned Italian entity, Puma Petroleum S.r.L, of a favourable response from the last external government department that is required to approve, namely, the Ministry of Fisheries, to its application for transition of its 4 offshore application areas to licence status. With this approval now received, the final approval from the Ministry of Economics is expected to be forthcoming.

Key Petroleum's Managing Director /CEO, Ken Russell, said, *"The UK acquisition is moving forward and our teams in the UK and in Australia, together with a helpful seller, the Midmar Group, are making the due diligence procedures a very workable process for all concerned"*.

"We are also looking forward to drilling in these fields to increase the daily production and of course, generate revenue "

"In Italy we have been positioning ourselves with a long term growth strategy. We believe Italy is a good European country from which to be based to take advantage of surrounding opportunities and although the conversion from Application to Permit has taken considerable time we believe in the long term, Key Petroleum will benefit from the decision to develop our business there." 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 Uitkijk. Exploration drilling in the Coronie block is scheduled during August.

For further background information 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.