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## ASX and Media Release

11<sup>th</sup> August 2009

### CAPITAL RAISING UPDATE

Key Petroleum Ltd (**ASX: KEY**) provides an update on its recent capital raising of up to \$4.73 million dollars through a 1 for 2 renounceable entitlement offer of Key Petroleum Limited fully paid ordinary shares ("New shares") at an offer price of \$0.11 per new share.

The Rights Issue closed on 5<sup>th</sup> August 2009. The Company has raised an amount of \$2.78 million dollars (approx 60%) from existing shareholders giving a shortfall of approximately \$1.95 million. Of this shortfall a further \$810,000 has already been allocated to new investors and the remaining amount of \$1,14 million is expected to be allocated to sophisticated or institutional investors in the near future.

Key Petroleum's Managing Director /CEO, Ken Russell, said, "*We are pleased with the take up rate of our share offering. It is a sign of faith in the management strategy of Key Petroleum to grow the Company through the acquisition of low risk production assets, such as the purchase of two producing fields in the onshore U K*".

*"The additional funds from the capital raising will enable the Company to now move forward with our drilling plans for the UK oil fields which we expect to result in a substantial increase in production and net revenue" 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.*