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ASX and Media Release

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DRILLING PROGRAMME COMMENCES IN TANZANIA

Key Petroleum Limited, (ASX code: KEY), confirmed today that the drilling rig Caroil #6 has now been transferred to the Nyuni joint venture in Tanzania to commence the drilling of two "back to back" wells. The first well, Kiliwani #1, will be drilled into the same reservoir that is producing gas in the Songo Songo gas field, located only 4 kms to the north west of the well. The second well, Kiliwani North #1 will test this same reservoir system but will also be targeting a shallower oil play interpreted as having the potential for 10mmbbls oil recoverable.

The drilling rig is currently being disassembled on Songo Songo island for relocation to the first drilling site on the nearby Kiliwani island. Drilling is expected to commence in approximately 12 days. The first well is programmed for 45 days.

Ken Russell, managing director and CEO of Key Petroleum said, *"This Tanzanian drilling programme is something that both the company and our shareholders have been eagerly awaiting. We can now get down to the business of exploring for oil and gas. The close proximity of these wells to the Songo Songo gas field provides us with the means to commercialize any success relatively quickly and will also provide valuable well data to be used for the evaluation of other prospects in the Nyuni block"*

Key Petroleum is an Australian based oil and gas exploration company. It currently has interests in Tanzania, Italy and Suriname.

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