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ASX and Media Release

9th September 2009

FURTHER UPDATE ON ACQUISITION OF 2 UK PRODUCING OILFIELDS

Key Petroleum Ltd (ASX: **KEY**) provides an 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 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 have continued investigating Midmar and its assets. Key Petroleum Ltd can advise that it is still moving forward to the point of completion. The Company is now expecting to assume control of Midmar and its assets within the next 10 days.

Although good progress was made initially with the due diligence process, the scope of legal work widened as additional requirements were identified as being necessary prior to finalizing the acquisition. These requirements included lease extension options to be included in the current Lidsey lease. This has required negotiation with the current landowner. Key has also been finalizing a Transitional Services Agreement with the current owner of Midmar to facilitate a smooth transition of ownership of Midmar to Key Petroleum Ltd.

These additional requirements have delayed the completion process but are considered sufficiently important from Key's perspective to warrant finalization.

Key Petroleum's Managing Director /CEO, Ken Russell, said, *"These additional requirements provide the Company with secure tenure over the Lidsey land lease going forward and the Transitional Services Agreement will ensure that the change in ownership should be a smooth transition, so, although it has taken a little longer than expected to finalize all aspects of the acquisition, the final outcome will be to the benefit of Key Petroleum shareholders."*

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 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 35 years experience in the sector. He consents to that information in the form and context in which it appears.