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ASX and Media Release

11th September 2009

CAPITAL RAISING UPDATE

Key Petroleum Ltd (**ASX: KEY**) provides a further 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 at an offer price of \$0.11 per share.

The offer closed on 5th August 2009. The Company raised over \$3.6 million dollars from new and existing shareholders. The Company now advises that the remaining shortfall of approximately \$1.1 million dollars has been allocated to sophisticated investor clients of Kings Park Capital Pty Ltd.

Securities quoted on ASX will total approximately 129 million shares.

Key Petroleum's Managing Director /CEO, Ken Russell, said, *"This uptake of the remaining shortfall from our recent capital raising shows that there is significant interest in Key Petroleum from outside its existing shareholder base and, importantly, its prospects for growth going forward."*

Background:

Key Petroleum Ltd is currently finalizing acquisition of two onshore oil producing assets in the UK (100%). It is also 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 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 carried interest in 2 onshore blocks, Coronie and Uitkijk. Exploration drilling in the Coronie block is scheduled during September 2009.

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.