



ACN 120 580 618

Level 1, 14 Outram Street
West Perth
Western Australia 6005
Tel: +61 8 9327 3500
Fax: +61 8 9327 3510
e-mail: info@keypetroleum.com
www.keypetroleum.com

ASX and Media Release

1st October 2009

KEY PETROLEUM BECOMES AN OIL PRODUCER

Key Petroleum Ltd (**ASX: KEY**) has become an oil production company after completing its acquisition of UK company, Midmar Energy Onshore Limited and its two onshore oil fields, Lidsey and Brockham in the southeast of England.

The acquisition was completed on September 30.

Managing director /CEO of Key Petroleum, Ken Russell, said, *"This is a major step up the growth ladder moving Key into the role of an oil production company"*.

"We will now work on enhancing the oil production rates at both locations to improve the economic return on our investment" Mr. Russell continued

"Work undertaken by Key's technical team and its consultants has led it to believe that there is considerable scope for improving production flow rates at the Lidsey field by drilling a horizontal production well. This well is being designed to intersect a geological structure that has the potential to increase oil flow rates by up to 500 or more barrels per day, if successful and tap into an estimated 9 million barrel STOIIP oil pool." said Mr. Russell.

The completion of this transaction in London followed an extensive due diligence process undertaken by the company and its advisors, both in Australia and in the United Kingdom.

As part of its move into the UK, Key Petroleum has also established a new company, Key Petroleum UK Ltd, which will become the spearhead for Key's entry into other oil and gas opportunities in or around the UK.

Background:

Key Petroleum Ltd is now an oil producer in the United Kingdom. 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 it has the Kiliwani North #1 gas discovery. 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.

For further information please see the Company's website at <http://www.keypetroleum.com> or contact:

Ken Russell
Managing Director
+ 61 8 9327 3500
info@keypetroleum.com

or

John Ribbons
Company Secretary
+ 61 8 9389 2123

or

Ian Howarth
Collins Street Media
+ 61 3 9223 2465
ian@collinsstreetmedia.com.au

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.