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ASX and Media Release

31st January 2011

DRILLING UPDATE #2

DIBBLERS #1 - EP 437 - PERTH BASIN

Key Petroleum (ASX:KEY) provides this update on drilling of the Dibblers #1 well located approximately 15 km north east of the town of Dongara in Western Australia.

Previous Operations: Drill 12 ¼ inch (311 mm) hole to 260m depth. Run and cement 9 5/8 inch (24.5mm) casing.

Current operation at 08:00 hrs on 31st January 2011: At depth of approximately 260m (792.48ft) RT and preparing to drill ahead in 8 ½ inch (21.6mm) hole size towards the final well Total Depth of 550 m (1,676.4 ft) RT. Upon reaching well TD, wireline logs will be run to evaluate any hydrocarbons that may be encountered over the target zone.

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

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Oil and Gas Drilling and Production Terminology	
bbl	Barrel
MMstbbl	Million Stock Tank Barrels
Stock Tank Barrel	159 L of crude oil measured at 15 degrees C whilst at 1 Bar of pressure. Or 42 US gallons measured at 60 degrees F at 1 Atmosphere of pressure.
mmscf/d	Million standard cubic feet of gas per day
mRT	Metre rotary table (Using the rotary table as the reference point)
mm	Millimeters
"	Inches

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.