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ASX and Media Release

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NYUNI-2 WELL PROGRESS UPDATE

Key Petroleum Limited (**ASX:KEY**) is pleased to announce that it has been provided with a progress report on the Nyuni-2 exploration well, currently being drilled from Nyuni Island, approximately 30 km off the coast of Tanzania in the Indian Ocean. Key Petroleum is being free carried through the drilling phase of this well.

The Nyuni-2 exploration well is being drilled by a land based drilling rig from the same location as the Nyuni-1 well that was drilled in 2004. The Nyuni-1 well resulted in a 233Bcf (Billion cubic feet) contingent resource (Pmean) being declared.

Nyuni-2 was spudded on 17 June 2011 using the Caroil Rig-6, with the intention to target Lower Cretaceous age Neocomian sandstones, similar to those found in the Company's nearby Kiliwani North Gas Field and in the producing Songo-Songo Gas Field. The well is being drilled from a pad on Nyuni Island at an angle of 30 degrees from vertical, to target a bottom hole location approximately 1,200 metres south east of the surface location. Planned measured total depth is 3,325 metres from the rotary table on the rig.

With the exception of a period of several days when the rig was shut down due to a requirement to replace damaged rig equipment, drilling operations have made satisfactory progress to date and 9 5/8" casing is now being run to the current total measured depth of 2,945 metres. Once the well has been safely cased off to this point, drilling will resume towards its target. The Operator has advised that results from the well will be announced at the earliest opportunity.

Participants in the well with Key Petroleum (5%) are;

Ndovu Resources Ltd. (Aminex PLC)	65% Operator
RAKgas Tanzania Ltd	25%
Bounty Oil & Gas NL	5%

Background:

Key Petroleum Ltd is a producer of oil in the United Kingdom from its two 100% owned oilfields at Brockham and Lidsey. It is also involved in oil and gas exploration and development projects in Tanzania. Key has further interests in both on and offshore areas in Italy which it holds 100% and in Suriname, an established oil producing area in South America, where it indirectly holds a small free carried interest in 2 onshore blocks named Uitkijk and Coronie. In Australia it has a 45% interest in permit EP 437 in the northern part of the Perth Basin in Western Australia.

The Company is also in the process of acquiring onshore gas and oil interests in Romania through its planned acquisition of Zeta Petroleum Ltd.

For further Company background information please see the website at 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.