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ASX and Media Release

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NYUNI-2 WELL PROGRESS UPDATE

Key Petroleum Limited (**ASX:KEY**) provides the following update on progress at its Nyuni-2 well, currently being drilled from Nyuni Island, approximately 30km 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.

After successfully mastering the most technically challenging of the anticipated drilling zones in the well, several days have now been spent attempting to clear rubber debris from a number of centralisers which broke away from a wireline conveyed logging tool. After successfully recovering some of this debris, a good rate of penetration was made until 14 September when the remaining junk prevented any further drilling progress.

In order to be able to complete the logging operations and then continue drilling to TD a decision has now been taken to pull back the drill string to a depth of approximately 3,000 metres, above the area of blockage. At this point the rig will commence a side-track of the well bore to by-pass the obstruction. Preparation for the side-track will take several days, after which drilling will resume.

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.

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.*