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ASX and Media Release

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PLACEMENT TO RAISE \$1.033M

The Directors of Key Petroleum Limited (“Key” or “the Company”) are pleased to advise that the Company has raised approximately \$1.033 million through the placement of 19,501,887 shares at \$0.053 per share (“Placement”). The Placement, coordinated by Pursuit Capital Pty Ltd who acted as Lead Manager, has been made to Institutional Investors and Sophisticated Investor within the Company’s 15% placement capacity, under ASX Listing Rule 7.1. The monies raised from the Placement will be used for general working capital purposes and in relation to the drilling of the two new wells in the North Perth Basin, previously announced on 28th June 2010.

Those investors who have subscribed to 4 million shares or more in this Placement will be allocated unlisted options in the Company, based on 1 for 2 basis, with an exercise price of \$0.075 per option. Expiry of the options will be on 30 November 2011. These options are subject to shareholder approval being granted.

Key Petroleum’s Managing Director /CEO, Ken Russell commented:

“We welcome the strong support by new and existing shareholders for this Placement. It is a show of faith in the Company’s decision to move into the North Perth Basin”.

“The response to this placing indicates that the Company’s actions in entering into new areas with a view to steadily building up its resource base are supported by institutional and sophisticated investors”, Mr. Russell said.

Mr. Russell also commented, “The Company’s management views the new venture in the North Perth Basin as a prudent step in the Company’s use of its funds and demonstrates its ability to take advantage of suitable opportunities wherever they are to be found”.

This announcement will lift the present trading halt in Key’s securities.

Background:

Key Petroleum Ltd is a producer of oil in the United Kingdom from its 100% owned, two onshore oil fields, Brockham and Lidsey located in the Weald Basin in the south of England. Key is also involved in oil and gas exploration and development projects in Tanzania where it has a 20% interest in the Nyuni block and in the West Songo Songo block where it holds a 50% interest and is the operator. 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 holds a free carried interest in two onshore blocks.

For further Company 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 petroleum engineering experience in the sector. He consents to that information in the form and context in which it appears.