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ASX and Media Release

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EP 437 - NORTH PERTH BASIN DRILLING – AN UPDATE

Key Petroleum Limited (ASX:**KEY**) provides an update on its interest in the North Perth Basin exploration permit EP 437, where it is in joint venture with CalEnergy Resources (Australia) Limited.

CalEnergy, who is the Operator for this joint venture, has advised that it has lodged applications with the Western Australian Department of Mines and Petroleum for permission to drill two wells in the exploration permit EP 437 area, at locations known as Dunnart and Dibbler. (*See attached Map*)

Further, a Letter of Intent has now also been issued by the Operator to drilling company, Drilling Contractors of Australia (DCA), for supply of its drilling Rig #7 to undertake the drilling of these, relatively shallow, two wells. Drilling is currently scheduled to commence during October 2010, subject to rig release from other well drilling commitments.

With the Farm-in Agreement and Joint Operating Agreement between the Key and CalEnergy having been finalized, both companies are keenly working towards commencement of drilling.

Mr Ken Russell, Managing Director/CEO of Key Petroleum Limited, commented “*We are pleased that our continued work with the Operator has brought us to this point in our preparations for drilling these two prospects at Dibbler and Dunnart in the North Perth Basin. Our evaluation of these EP 437 prospects indicates to us that they are prospective and that the exploration permit area has the potential for other leads which will become clearer once these first two wells have been drilled.*”

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 small interest in two onshore blocks. The Company has also recently entered into oil exploration in Australia by entering into a farm-in agreement with CalEnergy to participate in the drilling of two wells in EP 437 in the North Perth Basin, Western Australia.

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

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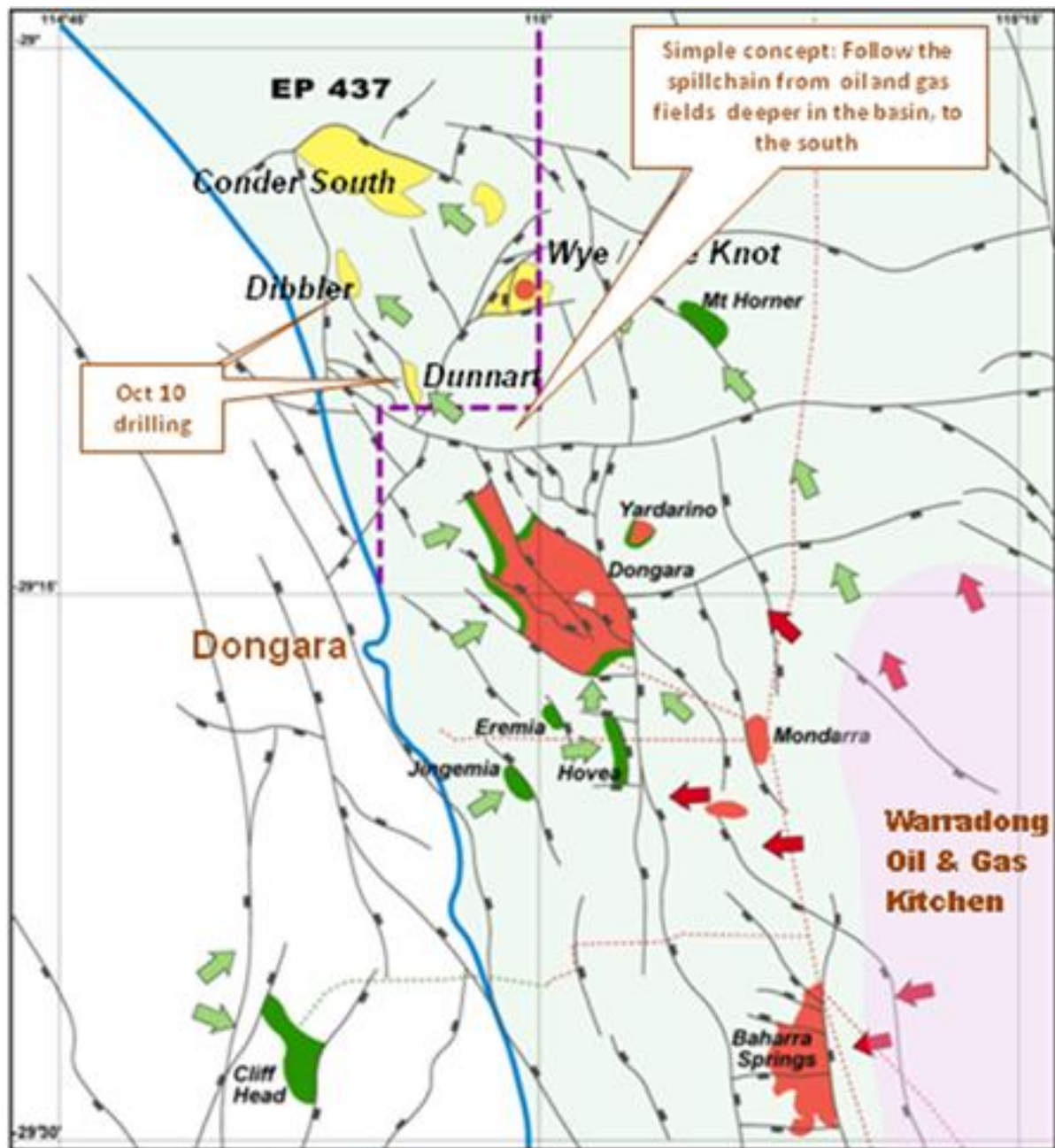
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NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr. Ken Russell, Managing Director/CEO of Key Petroleum Ltd, who has at least 35 years petroleum engineering experience in the sector. He consents to that information in the form and context in which it appears.



- Prospect
- Oil field
- Gas field
- Oil pipeline
- Gas pipeline

