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ASX and Media Release

Thursday 5th June 2008

KILIWANI NORTH #1 WELL TEST RESULT - 40 mmscf/day

A strong, stabilised flow of gas has been achieved from the initial testing of Key Petroleum Ltd's (ASX:KEY) Kiliwani North #1 well.

The testing program to date has produced:

- a stabilised gas flow rate of 40 mmscf/day through a 72/64" fixed choke, approximately 6700 BOE/day
- strong flowing wellhead pressures
- condensate content of 1 bbl /mmscf
- no CO₂ or H₂S content

Ken Russell, managing director / CEO of Key said, "This is a fantastic result for Key and the joint venture."

"Producing a stabilised flow at such a strong rate is very important for the field."

"The fact that the gas contains no impurities such as H₂S or CO₂ demonstrates clearly that the gas in Kiliwani North 1 is compatible with the gas now being produced from the nearby Songo Songo field."

"Now the serious work of accelerating the commercial development of the Kiliwani North field can begin in earnest," Mr Russell said.

"Under the Nyuni production sharing agreement with the Tanzanian Government gas from Kiliwani North can be processed and delivered into the local gas market using the existing, underutilised, gas pipeline, providing Key and its co-venturers with a fast and economical route into commercial gas production."

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 5 years experience in the sector. He consents to that information in the form and context in which it appears.

“This strong flow rate also confirms the wisdom of Key’s decision to enter into the Songo Songo West production sharing agreement with the Tanzanian Government, as described in our ASX / Media release on 2nd June 2008.”

“Key’s team and its co-venturers can be proud of the work they have been involved in to get to this point. The support, provided in many ways, from the Tanzanian Petroleum and Development Corporation (TPDC) and the Ministry of Energy and Minerals in Tanzania has made this result possible and it should be acknowledged that all have helped in some way for us to reach this major milestone in Key’s growth and in this specific project,” said Mr Russell.

Well testing operations at Kiliwani North #1 will continue.

Definitions of industry terms:

mmscf/day = million standard cubic feet per day
BOE/day = barrels of oil equivalent per day
bbl / mmscf = barrels per million standard cubic feet

For further background information please see the Company’s web site at www.keypetroleum.com or contact

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