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ASX Release

Monday 17th March 2008

KILIWANI NORTH #1 – A SUCCESS – GAS DISCOVERY

Key Petroleum Ltd's (ASX code: KEY) Kiliwani North #1 well has intersected a gross gas column of 60 metres, in Neocomian sandstones, the same producing reservoir as in the nearby Songo Songo gas field.

Electric logging and formation pressures taken within the well have confirmed the presence of gas.

The well has been drilled, ahead of schedule, to a depth of 2030 m RT (6,687 ft). (All reported depths are below the rotary table (RT) on the rig floor.)

The close proximity of Kiliwani North #1, approximately 2km, to the Songo Songo gas field means that the well will be completed as a future gas production well immediately following drilling.

Key Petroleum's managing director / CEO, Ken Russell said, "This success, which has exceeded our pre-drill expectations, is very pleasing for the Key Petroleum team."

"The fact that the well can be completed as a production well is very significant for a young company such as Key Petroleum. This well adds to our understanding of the area and provides us with substantial technical information to assist us in our investigations of the potential of the Nyuni block."

"The well has also confirmed the presence of potential sandstone reservoirs in the Tertiary section which may be a target in future wells."

"Further appraisal drilling will be required to confirm the actual size of the Kiliwani North structure but Key Petroleum believes that this success enhances the prospectivity of the east coast of Tanzania."

"A number of companies, large and small, have begun to target this area in recent years. Key Petroleum is looking forward to further developing its presence in this area," Mr. Russell said.

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.

Current Rig Operations are;

Report Time and Date: 00:00 hr 16/03/08 (East African Time)

Current Depth: 2030 m RKB

Operations: Running 7" casing in preparation for completing well as a gas production well.

Participants in the Kiliwani North #1 well with Key Petroleum (20%) are:

Ndovu Resources Ltd. (Aminex)	40% (Operator)
RAK Gas Commission	25%
East African Exploration Ltd.	10%
Bounty Oil and Gas NL	5%

For further background information please see www.keypetroleum.com or contact;

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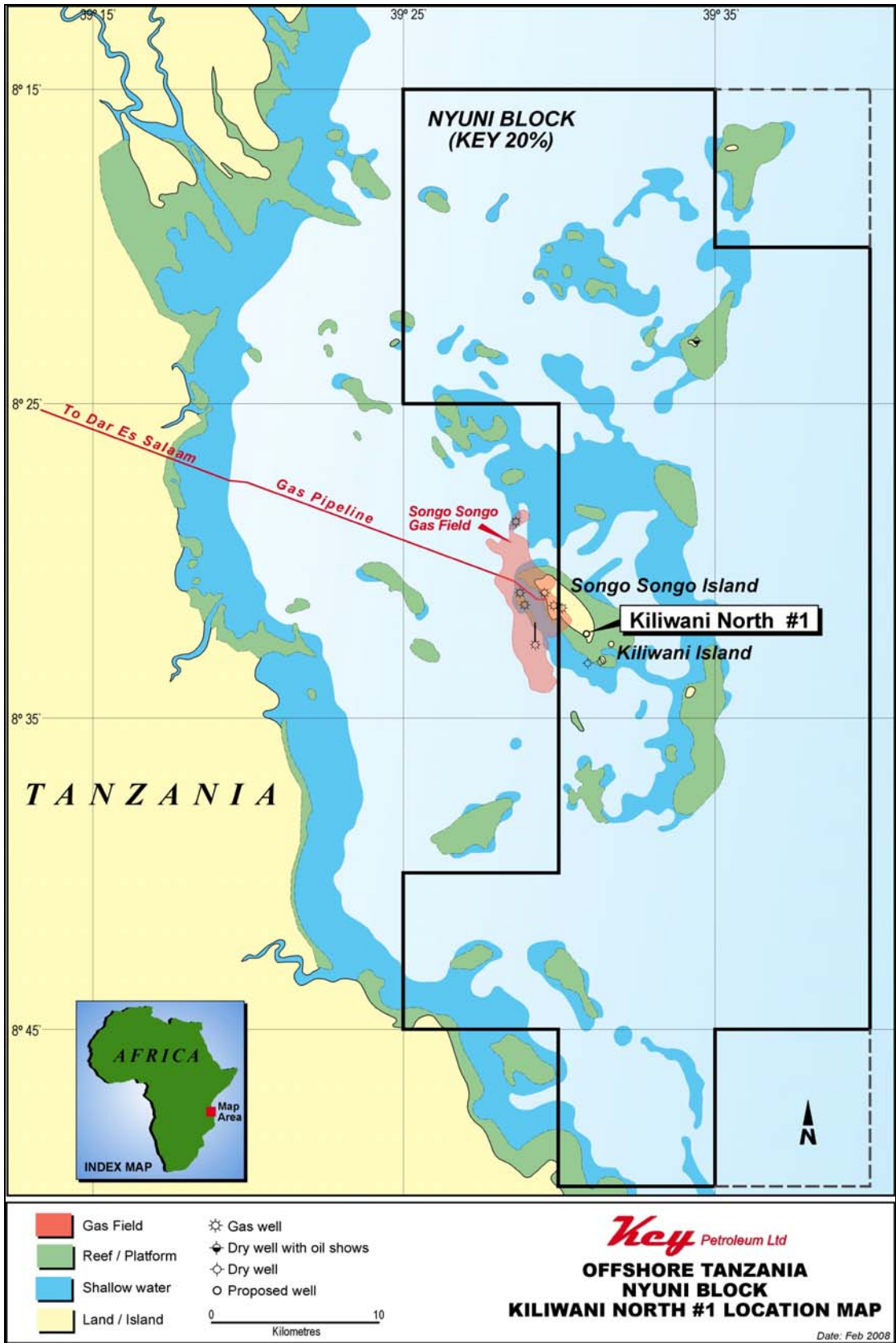
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