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ASX Release

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KILIWANI NORTH #1 – OPERATIONS UPDATE

Key Petroleum Ltd (ASX code: KEY) provides the following operations update for Kiliwani North #1.

Further to the recent announcements concerning the successful drilling of Kiliwani North #1, the well has now been perforated with strong flow and pressures recorded.

Since the last ASX / Media announcements the final well casing has been run and cemented in place, integrity tests have been performed and a production completion tubing string has been installed with tubing conveyed perforating guns (TCP guns) attached. A production well head has then been connected to the production string. Limited available temporary flow equipment was installed and then following various correlation runs and necessary safety checks the well was perforated by detonating the TCP guns. Strong pressure increases were immediately observed at surface.

The well was allowed to flow to “flush” the perforations of debris and “clean-up”. The well was then shut in at the production well head wing valve. Pressure build up was then monitored at surface. Various gas and liquid samples have also been obtained.

After securing the well, using a down hole safety valve, the Caroil # 6 drilling rig has now been released as of 23:59 hrs 29th March 2008 and is currently being dismantled and removed from the Kiliwani North #1 well location.

Ken Russell, Managing Director/CEO of Key Petroleum said, *“The ability of the well to quickly provide strong pressures while flowing and at shut in provides the joint venture with further confidence as to the potential for the well and its ability to flow commercially. The joint venture is now working with specialist well testing companies to bring together a full well test surface package that will allow us to flow the well for long durations and fully investigate the well’s ability. It is currently expected that well testing will commence in approximately four weeks, depending on equipment availability and its mobilization point.”*

“It is important to note”, Mr Russell continued, “that the Tanzanian drilling campaign in the Nyuni block has finished with the discovery of a gas field. There were no injuries to personnel and minimal environmental impact on the Kiliwani North #1 site. The close working cooperation between the drilling team, the joint venture participants, the Tanzanian Petroleum Development Corporation (TPDC) and the Tanzanian Ministry of Energy has allowed this to take place.”

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.

“It is also important to note that the Kiliwani North#1 well finished up being drilled ahead of schedule and also came in under budget. In today’s oil and gas industry where costs are increasing this is something of which all involved in the project should be proud” Mr Russell said.

Further announcements will be made when well testing commences.

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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