

Draft 3: 26 June 2009

[Release date: 29 June 2009-subject to approvals]

## **MIDMAR ENERGY ANNOUNCES SALE OF UK ONSHORE PRODUCING ASSETS FOR GBP£2.0 MILLION**

Midmar Energy Limited (“Midmar”), the UK-based exploration and production company active in the UK and Southern Iraq, today announces that it has entered into an agreement for the sale of Midmar Energy Onshore Limited (“MEOL”) for a sum of GBP£2.0 million to Key Petroleum Ltd (ASX: KEY), the West Perth based exploration and production company. The assets included in the sale are MEOL’s two 100% owned and operated UK onshore producing oilfields, Lidsey and Brockham, located in the Weald Basin in the southeast of England. The sale demonstrates Midmar’s stated strategy of building value through the sale of key UK assets in order to expand its international interests in Southern Iraq and elsewhere.

Midmar has significant experience in UK onshore production. In addition to the two producing fields included in the sale; Brockham Production Licence PL235 near Brockham in Surrey and Lidsey Production Licence PL241 in Lidsey, Hampshire, the Company has three further UK onshore licences which it retains. These include two onshore licences in the Weald Basin, awarded in the 13<sup>th</sup> UK Onshore Licensing Round; Andover PEDL 230 (100% owned) and Bidborough PEDL 248 (70% owned), in addition to PEDL 129 Colworth (100% owned).

Midmar is also a founding partner in Mesopotamia Petroleum Company (“MPC”) which is active in Iraq, and in February 2009 signed a joint venture agreement with the Iraqi Drilling Company (“IDC”) (the Iraqi state-owned drilling company) in Baghdad. The new joint venture, known as the [Iraqi Oilfield Services Company MLLC](#) (“IOSCO”), intends to drill a large number of new wells in the Republic of Iraq, thus significantly increasing oil and gas production. This historic agreement represented the first joint venture of its kind between the Iraqi Ministry of Oil and a foreign oil company since the fall of the regime of Saddam Hussein in 2003. Midmar continues to seek other international opportunities.

Midmar has been the operator of Brockham and Lidsey, since 1998 and 2001 respectively, and during this time has built its interest in the fields to 100%. The Company commenced production from Brockham in 2002 and from Lidsey in early 2008. Oil currently produced from both fields is trucked and sold into the nearby BP Hamble facility at Southampton.

The sale is subject to the usual governmental approvals and due diligence requirements, and the transaction should be completed within approximately 45 days.

### **Commenting on the sale of MEOL, Dr Thomas Redman, Managing Director of Midmar stated:**

“While Brockham and Lidsey have been profitable for the company, we now feel that it is the right time for us to deliver upon our stated objective of replicating our success developing UK onshore fields, but on a larger, and international, scale. The sale of MEOL demonstrates our ability to develop valuable UK onshore reserves. We have successfully concluded a joint venture agreement through our associate company, MPC in Southern Iraq, and are looking at other international projects to further grow our business. This sale assists us in furthering our objectives.”

### **Enquiries:**

Lisa J N Pope MCIPR MIRS

Newman Consulting

Tel: +44 (0)1252 878682

**Notes to Editors:**

Further information on Midmar can be found at <http://www.midmar.co.uk>.

Further information on Key Petroleum Ltd can be found at <http://www.keypetroleum.com>.