



1st October 2009

Midmar Energy Limited sells subsidiary to Key Petroleum plc.

Midmar Energy Limited ("Midmar"), the UK-based exploration and production company active in the UK and Iraq, today announces that it has concluded the sale of Midmar Energy Onshore Limited ("MEOL") to Key Petroleum plc (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.

The completion of this transaction in London followed an extensive due diligence process undertaken by the company and its advisors, both in the United Kingdom and Australia. The sale of MEOL was completed 30th September 2009 and under the new ownership, MEOL will stop using the "Midmar Energy" brand name.

Midmar has been the operator of the Brockham and Lidsey fields, 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 enables Midmar to concentrate on new projects including work on the License at the Bidborough site.

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

"The sale of Brockham and Lidsey permits 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 and assists us in furthering our objectives."

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