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ASX and Media Release

Thursday 11th December 2008

NAMIBIAN EXPLORATION

In April 2008 Key Petroleum Ltd (ASX code: KEY) entered into a Consortium Agreement with Pancontinental Oil & Gas NL (ASX code: PCL) for joint petroleum exploration activities offshore Namibia.

The term of that Consortium Agreement has now expired and the Reconnaissance Licence that Pancontinental holds, RL-1 of 2007, has still to be converted into an Exploration Licence which was a condition precedent to implementation of the terms of the Agreement. Additionally, the area available to the Consortium has been reduced due to third parties being awarded concessions by the Namibian Government.

Key maintains its belief that the Namibian offshore area has potential, however, the Company has decided not to renew or extend the Consortium Agreement with Pancontinental based on the current economic climate and its impact on the potential for near-term economic returns to the Company.

Key Petroleum's Managing Director/CEO, Ken Russell said, "*It's obviously disappointing for Key to withdraw from this project, however, the Company is ensuring that it enters 2009 with a clear direction in regard to its portfolio of projects and activities.*"

"We recognise the need to allocate resources to projects that we are involved in which will provide potential for a near-term economic return." he 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.

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

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