



Kea Petroleum plc
("Kea" or the "Group")

Acquisition by Kea of Petroleum Exploration Permit PEP 381204

Kea Petroleum plc (AIM :KEA) is pleased to announce that the New Zealand Minister of Energy has given his formal approval, under the Crown Minerals Act 1991, to the acquisition by the Group's wholly owned subsidiary, Kea Oil and Gas Limited, of a 100% interest in Petroleum Exploration Permit PEP 381204 from Genesis Power Limited, a wholly owned subsidiary of New Zealand government owned major energy company Genesis Energy.

Under the terms of the deal, Kea will repay Genesis' past costs incurred on the permit out of future revenue generated from the permit, and Genesis will hold a right of first refusal to purchase a portion of gas discovered in the permit.

PEP 381204 is an onshore/offshore area of 516 sq km, situated on the eastern margin of the North Taranaki Basin. Over recent years the area in which PEP 381204 sits has been the focus of a number of exploration wells, with both previous wells within PEP 381204 and all immediately adjacent wells recording good oil and gas 'shows', indicative of this being a focus area for hydrocarbon migration.

Over the last three years, Genesis Energy has significantly advanced the available technical data base for the area, with a range of studies and the acquisition of extensive onshore to offshore 2D seismic. However, further technical evaluation is required to better define and rank the identified prospects and leads, before a decision is taken as to the preferred initial drilling target.

Within the permit area the deep Mangatua Prospect has long been identified as a potentially substantial gas target, but it requires further depth mapping to better define its form. However, the shallower Felix and Waikawau Prospects are considerably cheaper and more accessible to drill, and offer substantial opportunity for both oil and gas discovery.

Both the Tirua-1 well, originally drilled by Arco within the permit area, and the Awakino-1 well, situated just south of the permit, recorded excellent oil shows in Miocene sandstones; while Opito-1, drilled from an onshore location now within the PEP 381204 permit area, intersected deeper gas sands down dip from the Felix trap.

The directors of Kea consider that a well drilled from an onshore location north of Opito-1 could be readily deviated offshore to test this gas sand and deeper sands within the Felix trap, while also testing the oil bearing potential of the Miocene sands, which were not intersected by the Opito-1 well.

Kea will complete its technical evaluation over the coming months, prior to the April 2011 date by which a commitment must be made to drill a well; which would then be drilled during the following year.

CEO Dave Bennett says:

"We are very pleased to acquire this valuable permit area. Various advances in drilling technology, several of which we successfully applied in our recent Beluga-1 and Wingrove-2 wells, will enable us to drill offshore targets from the adjacent onshore area. This opens up the potential here (which was not commercially viable with offshore wells), to bring shallow oil discoveries into early and profitable production. Similarly, onshore wells enable gas discoveries to be commercialised in an effective manner. In the instance of PEP 381204, any gas discovery accessible from an onshore drilling location still has to be tied in to the pipeline network some 30km away; but we are confident this will be a commercially achievable objective in the context of a gas discovery and an assured gas market. We look forward to finalising our drilling plans and to targeting oil and gas discovery with the drill bit"

This release has been approved by non-executive director Peter Mikkelsen FGS, AAPG, who has consented to the inclusion of the technical information in this release in the form and context in which it appears.

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Notes to Editors:

Kea Petroleum is an AIM listed oil and gas exploration company with five petroleum exploration permits in Taranaki and Northland Basins of New Zealand and a 10% interest in the PEP 38524 joint venture which is currently drilling the Tuatara-1 offshore well. Kea listed on the London market in February 2010.