



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

Kea to Plan a Deviated Hole on Exploration Permit PEP51155

Kea announces that it has decided to suspend its Beluga-1 well, drilled on the Company's onshore Taranaki exploration permit PEP51155, and to re-enter the hole and drill a deviated hole in the direction of potentially more productive sands. The Directors believe that this course of action can be achieved at relatively low cost and could potentially have a better chance of commercial success than casing and flow testing the existing Beluga-1 well.

As previously advised on 21 June 2010, Beluga-1 intersected the Tariki Sands, which electric log analysis indicated as gas charged and over-pressured. However, the well location appears to be sub-optimal and too close to the up-dip pinchout of the sands. Consequently the likely production rates from these thinner sands may not justify hook-up and sales to Methanex New Zealand Limited (a subsidiary of Methanex Corporation of Canada) ("Methanex").

The well has established two future objectives both of which could be accessible from a relatively short side-track: downdip to the east, Tariki Sands are expected to thicken, with improved reservoir quality, while updip to the south, Mangahewa Sands appear to form a closed structure that could also trap gas.

Therefore, the Beluga-1 well will be suspended at the 7 inch casing shoe, several hundred metres above the Tariki Sands and the rig will be demobilised from the site. In the Directors' opinion the operation to re-enter the hole and deviate to drill a new Tariki and/or Mangahewa objective is expected to be straightforward.

The Beluga-1 well was fully financed by Methanex with a back-to-back 15 year gas offtake agreement that envisages the sale of up to 90 billion cubic feet per annum. Methanex is supportive of the Company's decision to suspend the well and to conduct further analysis for a prospective deviation.

CEO Dave Bennett says:

"This strategy gives us the option to drill to a better intersection of the Tariki Sands than was encountered in Beluga-1. The evidence from Beluga-1 supports the probable entrapment of a substantial resource within the Tariki Sands trap, and a deviation of a few hundred metres should enable us to establish whether this is so. It also enables us to better test the deeper Mangahewa section than we could with this rig at its current subsurface location. Overall, Beluga-1 was operationally very successful and its suspension allows us time to review all information in an orderly manner, and to define optimal future drilling operations from this well bore."

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 three petroleum exploration permits in Taranaki and Northland Basins of New Zealand. Kea listed on the London market in February 2010.

Methanex Corporation of Canada is the world's largest supplier and producer of methanol to major international markets. The subsidiary Methanex New Zealand Limited owns two methanol production facilities in the province of Taranaki on the west coast of the North Island: one at Motunui, with two production trains and another single train plant in the Waitara Valley. The total production capability of the two locations is 2.4 million tonnes of methanol per annum. Due to limited supply and the price of gas in the New Zealand market, Methanex has, since 2004, been operating these facilities as 'flexible assets', adjusting their operation based on supply and methanol market requirements. Methanex currently operates one plant at its Motunui facility which has the capacity to produce 900,000 tonnes of methanol per annum. To date, Methanex has secured ongoing gas supplies under relatively short term contracts. For more information please visit www.methanex.com.