

10th May 2010



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

Beluga-1 exploration well - Commencement of drilling

Kea announces that the Ensign Rig 19 spudded the Beluga-1 well on Sunday 9 May. The target depth of 4,000 metres is anticipated to be reached before late June.

In January 2010 Kea entered into a funding & participation agreement and a separate gas off-take agreement with Methanex New Zealand Limited (a subsidiary of Methanex Corporation of Canada, the world's largest supplier of methanol to major international markets). Under these agreements Methanex agreed to contribute up to US\$10million to drill and complete the Beluga-1 well, in Kea's permit PEP 51155. In the event of a commercial gas discovery, Methanex has agreed to purchase and Kea has agreed to sell the gas under a 15-year gas off-take agreement.

Beluga-1 is being drilled from a site west of the Waitara River near the township of Tarata. Hydrocarbon gas seeps are observed nearby in the river, and it is possible that Beluga-1 may also intersect hydrocarbons at levels shallower than its primary Tariki Sandstone target, namely in sandstones of the Mount Messenger Formation and in the Tikorangi Limestone fracture porosity; as well as in the deeper Kapuni Formation beneath the Tariki Sands.

In the event of discovery the Company's mid range estimate of the potential producible resource is of order 500 BCF (billion cubic feet) of gas, and 20 MMBBL (million barrels) of condensate (i.e. light, high value oil). The Directors of Kea believe that the Beluga prospect could potentially be of sufficient scale to fully meet the demand of Methanex's New Zealand operations. The prospect is situated within 20 kilometres of the Methanex production facilities, and only six kilometres from a tie-in to the high capacity low temperature separator gas pipeline, which provides a direct link to those facilities. In the event of a discovery at Beluga-1 and after appropriate testing, the six kilometre pipeline link to a nearby production station could be commissioned and operational within a year from its commitment.

Last month, Kea announced that its first drill well, Wingrove-2, in the onshore Taranaki Basin permit PEP 51153, had reached its target depth of 1,630m and had intersected oil pay. The well has now been cased and suspended as a potential oil producer while surface and downhole facilities are being assembled.

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.

For further information please contact:

Kea Petroleum plc

David, Lees, Executive Director

Tel: +44 (0)20 7340 9970

RBC Capital Markets

Matthew Coakes / Brett Jacobs / Daniel Conti
Martin Eales (NOMAD)

Tel: +44 (0)20 7653 4000

Buchanan Communications

Tim Anderson / James Strong

Tel: +44 (0)20 7466 5000

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.