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Any investment decision must be made exclusively on the basis of the final admission document to be published by the Company in due course and any supplement thereto (the "Admission Document"). A copy of the Admission Document will be available on the Company's website and from the offices of Fasken Martineau LLP, 17 Hanover Square, London W1S 1HU following Admission.

FOR IMMEDIATE RELEASE

25 January 2010

Kea Petroleum plc
(“Kea”, or the “Company”)

Intention to Float on AIM (“Admission”)

Kea, a newly formed oil and gas exploration business which holds, through its subsidiary companies, three petroleum exploration permits in the Taranaki and Northland Basins of New Zealand, today announces its intention to float on AIM, a market operated by the London Stock Exchange, by way of a proposed placing (the “Placing”) of ordinary shares to raise up to approximately £6 million from institutional investors.

- The majority of the Kea Board previously worked together at Rift Oil plc (“Rift Oil”), a company acquired by Talisman Energy Holdings Ltd in 2009. This former AIM-listed venture successfully delivered a three-fold return on investment over a four year period, while demonstrating the ability to operate in a timely and cost effective manner in the challenging environment of onshore Papua New Guinea.
- Since incorporation in September 2009, the Company has raised approximately £7.2 million (the “Pre-IPO Fundraising”) and has acquired through the acquisition of Kea Petroleum Holdings Limited (Kea Holdings), three petroleum exploration permits in the Taranaki and Northland Basins of New Zealand.
- The Taranaki Basin has long been the main focus for hydrocarbon exploration and production in New Zealand, and there have been a number of oil and gas discoveries, both onshore and offshore:
 - It is the home to the largest onshore oil field in New Zealand and Australia at McKee, some of Australasia’s highest onshore flow rate wells at Waihapa, and a number of other oil and gas-condensate fields including Maui, Kapuni, Kupe South and Mangahewa.
 - New Zealand oils and condensates are classified as light sweet crudes commanding high prices.
- The Company’s operating subsidiary, Kea Exploration Limited (“Kea Exploration”), has entered into a funding and participation agreement and a gas offtake agreement with Methanex New Zealand Limited (“Methanex”), a subsidiary of Methanex Corporation of Canada. Under the terms of the agreements, Methanex will fund the drilling of a well on one of Kea Exploration’s permits in consideration for Kea Exploration granting certain rights to

Methanex to purchase the gas discovered and share in the profits from the development of the prospect.

- The Company's strategy is to build a business where existing and lower risk new discoveries can be rapidly brought on-stream, by utilising the well-established local oil and gas infrastructure and markets.
- RBC Capital Markets (Royal Bank of Canada Europe Limited, trading as RBC Capital Markets; "RBC") will be appointed as the Nominated Adviser and Broker to the Company upon Admission.

Ian Gowrie-Smith, Chairman of Kea, commented:

"It is a pleasure to be reunited with the former Rift Oil team which has proven experience in oil and gas exploration and production businesses and a robust track record in delivering significant shareholder return. We see huge opportunity in focusing on the proven hydrocarbon regions of New Zealand and look forward to a bright future, delivering value for our new shareholders."

Dr. David Bennett, Chief Executive Officer of Kea, commented:

"The high prospectivity of the Taranaki Basin is well known. The Directors believe there are excellent near-term opportunities to target exploration prospects for drilling, and we anticipate development and commercialisation of discoveries to follow expeditiously thereafter."

Full details of the Placing will be included in the Admission Document.

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RBC is acting only for the Company in connection with the Placing and Admission and is not acting for or advising any other person, or treating any other person as its client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of RBC or advice to any other person in relation to the matters contained herein. Such persons should seek their own independent legal, investment and tax advice as they see fit.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy Shares in any jurisdiction. Any such offer, if made, will be made pursuant to the Admission Document proposed to be published in due course. In particular, this announcement is not for distribution in or into the United States, Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan or to any national resident or citizen of those jurisdictions. The distribution of this announcement in other jurisdictions including (without limitation) the United States, Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa and Japan (or to any resident thereof) may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In the United Kingdom, this announcement is addressed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO"), (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it (all such persons together being referred to as "relevant persons"). This announcement must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this announcement relates is available only to relevant persons and will be engaged in only with relevant persons.

This announcement may contain forward-looking statements. These statements relate to the Company's future prospects, developments and business strategies. Forward looking statements are identified by their use of terms and phrases such as "belief", "could", "would", "envisage", "estimate", "intend", "may", "plan", "will", "should" or the negative of those, variations or comparable expressions, including references to assumptions. Any such forward looking statements in this document are based on current expectations and intentions and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements.

Readers of this announcement who are considering subscribing for or acquiring any shares in the Company are reminded that any such acquisition must be made only on the basis of the information contained in the final Admission Document, which may be different from the information contained in this document. No reliance may be placed, for any purpose whatsoever, on the information or opinions contained in this announcement or on its completeness and no representation or warranty, express or implied, is given by or on behalf of the Company, RBC or their respective directors, employees, agents or advisers as to the accuracy or completeness of the information or opinions contained in this document and no responsibility or liability is accepted by any of them for any such information or opinions.

Notes to Editors:

1. Introduction

Kea was incorporated in England and Wales on 18 September 2009. Since incorporation, the Company has raised approximately £7.2 million from the Pre-IPO Fundraising and has, through the acquisition of Kea Holdings, acquired three oil and gas exploration permits in the Taranaki and Northland Basins of New Zealand.

According to MBA Petroleum Consultants, the total best estimate gross unrisks prospective resources across the Company's three permit areas are currently approximately 686 bcf of gas and 36.5 MMbbl of oil (equivalent, in total, to approximately 160MMboe¹).

Kea Petroleum has assembled an experienced team with a combination of technical expertise and relevant experience. This is complemented by extensive financial and transactional knowledge of the oil and gas sector gained through both public and private companies across the major global hydrocarbon regions.

The proceeds from the Pre-IPO Fundraising and the Placing will be used to drill one well on each of the PEP 51155 and PEP 51153 permits in the Taranaki Basin, to carry out initial seismic

¹ boe, calculations have been based on 5,659 cubic feet of gas (cuftgas) = 1bbl oil (Society of Petroleum Engineers 2010)

surveying on these permits, and gravity and geochemical surveys on the PEP 51339 permit in the Northland Basin, to fund further wells under consideration, and to provide general working capital for the Group.

The Group, through the operating subsidiary Kea Exploration, has entered into a funding and participation agreement and a gas offtake agreement with Methanex New Zealand. Under the terms of the agreements, Methanex will fund the drilling of a well (Beluga-1) on Kea Exploration's permit PEP 51155 in consideration for Kea Exploration granting certain rights to Methanex to purchase any gas discovered and to share in the profits from the development of the Beluga prospect, upon discovery.

Following admission of its share capital to AIM ("Admission"), the Company will continue to evaluate prospects and leads on its existing permits, having already identified a number of potential targets, and is actively considering further exploration opportunities and drilling projects in the Taranaki Basin and in the Northland Basin. Field operations in the Group's Northland permit will be carried out in the first quarter of 2010. The increase in interest in this frontier basin is underscored by the fact that the offshore portion of this basin will be the focus of drilling activity this year, with two wells scheduled to be drilled by Origin Energy in the coming months. The Northland Basin is of similar geological origin and style to the productive Taranaki Basin, of which it is the northern extension. The Company has also recently applied for two offshore Taranaki permits offsetting along trend from its onshore permits. These applications are under active consideration by the regulatory agency, New Zealand's Ministry of Economic Development.

2. Overview of the New Zealand Oil and Gas Industry and Market

The Taranaki Basin has long been the main focus for hydrocarbon exploration and production in New Zealand. The first well was drilled in 1865 and petroleum has been continuously produced from the basin since about 1900. The modern era of exploration and production began in 1959 with the discovery of the gas-condensate field at Kapuni on the Taranaki Peninsula. There has been a number of oil and gas discoveries in Taranaki, with both onshore and offshore fields producing from various stratigraphic levels. The third offshore well drilled in New Zealand discovered the 'giant' Maui gas-condensate field in 1969. More recently, offshore oil fields have been developed at Tui and Maari, along with development of the offshore Kupe and Pohokura gas-condensate discoveries. There are also a number of producing oil fields in onshore Taranaki, including Ngatoro, Kaimiro, Cheal, Surrey, Manutahi, Rimu, Kauri, Waihapa, Ngaere and McKee (the latter being more than 55 MMbbl with 180 bcf of gas), as well as producing gas fields Mangahewa, Turangi, Kowhai, Tariki, Ahuroa and Kapuni (the latter being the original onshore discovery, with EUR reserves greater than 1.3 tcf gas/65 mmb condensate).

New Zealand oils and condensates are classified as light sweet crudes commanding high prices. [The McKee marker sale price] of all New Zealand oils is benchmarked to Tapis crude which typically sells at a premium to WTI or Brent crude marker prices. Oil is transported from the fields to the export oil tank farm at New Plymouth by truck or via the transmission pipeline network, from where it is typically exported to Australian refineries.

The recent development of the Maari and Tui oil fields in offshore Taranaki, New Zealand has caused a sharp increase in oil production in recent years to an amount approaching 100,000 barrels per day. Oil export is, by value, one of New Zealand's largest export sectors.

The fiscal terms for oil and gas producers in New Zealand are generally regarded as among the best in the world. The New Zealand government reserves a royalty from any hydrocarbons produced being the greater of five per cent. of net sales revenue or 20 per cent. of accounting profits in any one year. Oil and gas production infrastructure in Taranaki is well developed, with a widespread pipeline network, a comprehensive road system and established oil transport, storage and sales facilities. This means that discoveries can be rapidly and economically developed and produced to market. The ease of communication and negotiation in a stable, English-speaking western democracy are additional attractions.

3. Description of Principal Assets

Taranaki Basin Assets

In October 2009, Kea Exploration acquired two exploration permits, namely PEP 51153 and PEP 51155, in the onshore Taranaki Basin by way of an assignment from a joint venture between three companies (the Joint Venture Consortium), which had previously been awarded the two permits by the Ministry of Economic Development following a competitive bidding round in September 2008.

The onshore Taranaki Basin is home to Australia and New Zealand's largest onshore oil field at McKee. The third offshore well drilled in New Zealand discovered the 'giant' Maui gas-condensate field in 1969. Recent offshore commercial developments include the Tui and Maari producing oil fields and the Kupe and Pohokura gas-condensate discoveries.

Exploration Permit PEP 51153

PEP 51153 lies across the eastern margin of the Taranaki Basin. The permit covers an area of 210.8 square kilometres and was granted to the Joint Venture Consortium on 23 September 2008 for a term of five years. The permit interest held by the Joint Venture Consortium has since been transferred to Kea Exploration. The assignment of PEP 51153 together with PEP 51155 (as described below) was made pursuant to a deed of assignment entered into between the Joint Venture Consortium and Kea Exploration in July 2009. The assignment of PEP 51153 was subject to the consent of the Minister of Energy in accordance with s.41 of the Crown Minerals Act 1991. The parties duly applied for that consent, which was granted on 6 October 2009 whereby the assignment became unconditional in all respects.

The permit provides for a five year minimum work programme. Within 21 months of the commencement date of the permit which was 23 September 2008, the holder is required to reprocess 200 kilometres of existing 2D seismic data, acquire and process a further 20 kilometres of 2D seismic data, carry out geochemical sampling and drill one well. Seismic reprocessing and geochemical sampling has already been conducted, with more planned for early 2010.

Within 36 months of the commencement date of the permit there is a requirement to incorporate the results of the first 21 months of work on the permit into a permit review report and make a commitment to either drill a further well or acquire further seismic data to the equivalent value of a second well within 48 months of the commencement date of the permit.

Within 60 months of the commencement date of the permit, the permit holder is required to carry out further geochemical sampling and geophysical evaluation and, to the extent a second well has not been drilled in year four, drill a second well.

There are options to surrender the permit during the five year term with no additional cost implications for the Group.

Previous operators have acquired 2D seismic data, together with a limited amount of 3D seismic, in the permit area covered by PEP 51153. The most promising well was Wingrove-1, which recorded very good oil shows in the Kiore, Urenui and Mount Messenger sands. Wingrove-1 flow-tested waxy oil at a rate of 50 bopd.

Wingrove-2 Appraisal Well (PEP 51153)

Wingrove-2 will be drilled in the first quarter of 2010. The well is expected to involve an anticipated total capital cost of approximately US\$2 million to complete the well in readiness for production. It is anticipated that commercial oil production could be initiated within three months of a successful discovery, with oil being transported to the export tank farm at Port Taranaki, initially by road tanker.

Wingrove-2 is to be a deviated well designed to test the updip potential of the good shows seen in the basal Mount Messenger (Mako Sands), and the oil pay encountered in shallower sands in the previously drilled Wingrove-1 well referred to above.

The Directors believe that modern completion and production techniques will enhance the production rates for the waxy oil which is expected to be intersected in Wingrove-2. These techniques are anticipated to enable commercial production of the oil sands already established by Wingrove-1 and enhance oil productivity, if encountered, in the Mount Messenger target.

In the event of success in establishing oil production in Wingrove-2, the Directors consider, on the basis of available mapping, that several offset well locations could be drilled without further pre-drilling evaluation, to target the same reservoir sands and increase production and reserves. The Directors intend that, in this success scenario, further such drilling will occur during 2010.

Exploration Permit PEP 51155

PEP 51155 lies in the north eastern sector of the onshore Taranaki Basin. The permit covers an area of 262.6 square kilometres and was granted on 23 September 2008 to the Joint Venture Consortium for a term of five years. The permit interest has since been transferred by the Joint Venture Consortium to Kea Exploration. The assignment of PEP 51155 together with PEP 51153 (as described above) was made pursuant to a deed of assignment entered into between the Joint Venture Consortium and Kea Exploration in July 2009. The assignment of PEP 51155 was subject to the consent of the Minister of Energy in accordance with s.41 of the Crown Minerals Act 1991. The parties duly applied for that consent, which was granted on 6 October 2009 whereby the assignment became unconditional in all respects.

The permit provides for a five year minimum work programme. Within 20 months of the commencement date of the permit (which was 23 September 2008), the holder is required to reprocess 200 kilometres of existing 2D seismic data, acquire and process a further 25 kilometres of 2D seismic data, carry out geochemical sampling and make a commitment to drill one well within 32 months of the commencement date of the permit. Seismic reprocessing and geochemical sampling has already been conducted, with more planned for early 2010.

Within 38 months of the commencement date of the permit there is a requirement to incorporate the results of work on the permit into a permit review report and make a commitment to either drill a further well or acquire further seismic data to the equivalent value of a second well within 48 months of the commencement date of the permit.

Within 60 months of the commencement date of the permit, the permit holder is required to carry out further geochemical sampling and geophysical evaluation and, to the extent a second well was not drilled in year four, drill a second well.

There are options to surrender the permit during the five year term with no additional cost implications for the Group.

Beluga-1 Exploration Well (PEP 51155)

The Beluga prospect is planned to be drilled from a site to the west of the Waitara River near the township of Tarata. Nearby hydrocarbon gas seeps overly the subsurface accumulations along the Tarata structural high; and Beluga-1 may intersect additional hydrocarbons at levels shallower than its primary Tariki Sandstone target, namely in sandstones of the Mount Messenger Formation and in Tikorangi Limestone fracture porosity.

Beluga's best estimate prospective resources as estimated by MBA Petroleum Consultants are 446bcf with condensate yield of about 27MMb. This is a comparable size to the adjacent Mangahewa and Pohokura gas fields, where production is obtained from similar depths.

The Directors believe that the Beluga Prospect is potentially of a large enough scale to be capable of fully supplying the demand of Methanex's New Zealand operations. Furthermore, the prospect is situated within 20 kilometres of the Methanex production facilities, and only six kilometres from a tie-in to the high capacity LTS gas pipeline, which provides a direct link to those facilities. In the event of a discovery at Beluga-1 and after appropriate testing, it is intended to commission the construction of a six kilometre pipeline link which is expected to be completed within a year from its commitment.

Northland Basin

The Northland Basin is a northern continuation of the prolific Taranaki Basin. Seismic mapping shows that the two basins are contiguous, with geological sequences and seismic characteristics extending from the Northern Graben of the Taranaki Basin into offshore Northland.

Exploration in the Northland Basin is in its infancy. It is considered by Crown Minerals to be one of New Zealand's most prospective exploration theatres, yet it is one of the least explored. There has been a recent increase in interest in this frontier basin with two wells scheduled to be drilled by Origin Energy in the coming months. New seismic data and geological interpretation of the region support its geological similarities with the oil and gas producing Taranaki Basin. Reservoir sequences are unknown in the onshore and near offshore due to a lack of drilling. However, at least some of those reservoir sequences seen in the Taranaki Basin are expected to be intersected here as well. The same can be said for the seal sequences.

Exploration Permit PEP 51339

PEP 51339 lies in the onshore part of the Northland Basin just north of Auckland along the west coast of the northern North Island. The permit covers an area of 2,157 square kilometres and was granted to Kea Exploration on 3 September 2009 for a term of five years.

The permit provides for a five year minimum work programme. During the first 18 months from the grant of the permit, the holder is required to undertake gravity and geochemistry surveys and apply the results to existing data for a better understanding of the basin. Within 30 months, there is a requirement to undertake at least 20 kilometres of onshore seismic survey and within 42 months, the permit holder is required to complete additional seismic surveys and commit to drill a well within 48 months of the date of grant of the permit

Initial gravity and geochemistry surveys on the permit area are expected to commence in the first quarter of 2010.

4. Funding and Participation Agreement and Gas Offtake Agreement with Methanex

Methanex New Zealand 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.

Methanex has expressed a desire to move away from its current short term feedstock supply arrangements and to restart idle capacity in New Zealand in order to underpin a longer term competitive supply position in the Asia Pacific region. This requires an assured gas supply of up to 90 PJ/a for a number of years at gas prices which are internationally competitive at varying methanol prices. Methanol is currently over US\$300/tonne, but has been as low as US\$200 (May 2009) and as high as US\$832 (December 2007). This demand for gas has provided a springboard for negotiation of an arrangement between Kea Exploration and Methanex in respect of the development of the Beluga-1 prospect on Kea's exploration permit PEP 51155.

On 18 January 2010, Kea Exploration and Methanex entered into a funding and participation agreement and a gas offtake agreement, both conditional upon the approval of the New Zealand Minister of Energy pursuant to section 41, Crown Minerals Act 1991, and a general security deed.

Under the terms of these agreements, Methanex will contribute sufficient funds to drill, complete and test one exploration well (Beluga-1) on Kea Exploration's permit PEP 51155. The cost of the well is estimated to be approximately £5.7m. In consideration for the provision of funding, Methanex shall receive a share of profits from gas or oil discovered by the drilling of the Beluga-1 well or from any other wells drilled within 750 metres and within three years of the drilling of Beluga-1. The Methanex minimum share of profits will be equivalent to its initial contribution plus a return on those contributions at 10 per cent. per annum (compounded at six month intervals) while any balance remains outstanding. If there is no discovery from Beluga-1 or from any nearby wells, there will be no profit share entitlement for Methanex and Kea will have no further obligation in respect of the funding contributed by Methanex.

If gas is discovered in commercial quantities in Beluga-1, Methanex shall purchase the gas under the terms of a gas off-take agreement. The gas price payable by Methanex shall be tied to international methanol prices, with a floor price of US\$1.20 per GJ at a methanol price of US\$200 per tonne. The price will increase on a graduated scale of US\$1 per GJ for every increment of \$100 per tonne in the methanol price subject to a cap of US\$4.50 per GJ (escalated by the USPPPI) which would be reached at a methanol price of US\$530 per tonne.

Kea Exploration may decline to supply gas to Methanex if the price payable for the gas makes it uneconomical for Kea to supply it. Methanex is entitled to on-sell the gas to third parties instead of using it for its own methanol production, in which case, Kea and Methanex shall share equally in any incremental revenue received from such sales.

The gas off-take agreement has an initial term of 15 years or until 800 PJ of gas is delivered, whichever comes first. Methanex has the right to renegotiate for a five year extension of the agreement.

The minimum share of profits to which Methanex is entitled will be distributed by payment to Methanex of a proportion of the accounting profits arising from the development of the Beluga prospect area. 50 per cent. of accounting profits from production at Beluga-1 well and 25 per cent. of accounting profits from certain other wells in the Beluga area will be payable to Methanex until Methanex's minimum share has been recovered. In addition, Methanex is entitled to additional royalties from the Beluga area (after Kea Exploration has recovered net profits from any producing well) in the form of a percentage of accounting profits from those wells, namely: 15 per cent. of accounting profits on production from the Beluga-1 well, if it is an oil discovery, following payment of the minimum return described above; five per cent. of accounting profit of production from wells producing oil, drilled within 750 metres of the Beluga-1 well, after Kea Exploration has recovered NZ\$20 million in net operating profits from each such well; and five per cent. of accounting profits on production from wells in the Beluga sub permit area producing from discoveries of oil made by the drilling of Beluga-1, after Kea has recovered NZ\$20 million in net operating profits from each such well.

Methanex has taken security for the performance of Kea's obligations under the various agreements including a charge over permit PEP 51155 and certain step-in rights enabling Methanex to take possession and control of Beluga-1, in the event Kea fails to perform certain obligations under the agreements.

As part of a Group restructuring in connection with the Methanex transaction, Kea Exploration will, subject to Ministerial consent, transfer exploration permits PEP 51153 and PEP 51339 from Kea Exploration to Kea Oil and Gas Limited, a wholly owned subsidiary of Kea Holdings.

5. Strategy

The majority of the Kea Board previously worked together at Rift Oil, a company acquired by Talisman Energy Holdings Ltd in 2009. This former AIM-listed venture successfully delivered a three-fold return on investment over a four year period, while demonstrating the ability to operate in a timely and cost effective manner in the challenging environment of onshore Papua New Guinea. This team has now chosen to focus on New Zealand, where it has considerable expertise, particularly in the prolific Taranaki Basin. The initial thrust will be to build a business where existing and lower risk new discoveries can be rapidly brought on-stream, by utilising the well-established local infrastructure and market.

Although regarded as moderately mature for exploration, the variety of exploration targets and complexity of the geology mean that significant further reserves continue to be found and developed. Kea has identified two particular niches which it feels well suited to exploit in its permit areas PEP 51155 and PEP 51153, on the lightly explored eastern margin of the basin.

- The New Zealand gas market was long dominated by prolific Maui production peaking at over 200 bcf/annum in 2003. However, the rapid decline of this field since then has resulted in a gas supply-demand squeeze, with a consequent mothballing of certain facilities. The Directors believe that better market prices for gas can be expected compared with gas prices commanded during the Maui supply period..

- Extensive shallower oil has regularly been encountered in the Miocene, Mount Messenger and Moki formations and a number of viable producing fields exist, with reserves of typically a few million barrels. Production is sometimes complicated by variable reservoir properties and the typically waxy nature of the crude.

Recently, OMV Aktiengesellschaft, Austria's largest oil producing, refining and downstream operating company, has developed a 30 year old offshore discovery with new technology involving downhole heating and insulation, together with horizontal drilling. This has resulted in the Maari field achieving a plateau production of 35,000 bopd. Kea intends to apply similar heating and completion technologies, combined with cheap, modern rock fracturing techniques, to bring onshore Miocene oil accumulations such as at Wingrove into profitable production. These techniques also have the potential to be applicable to the targets Kea has identified in its offshore permit application areas and potential future projects.

The Group has also taken a position in the onshore eastern margin of the Northland Basin, which, despite similar geology to the Taranaki, has remained virtually unexplored. Being an early mover here, the Group will be able to take advantage of any potential upswing in licensing and subsequent exploration of the adjoining offshore area of the Northland Basin, which the New Zealand government is presently strongly promoting. A large area of the offshore Northland Basin is presently gazetted for application closing mid 2010.

6. Reasons for Admission and use of proceeds

The Directors are seeking admission of the Company to trading on AIM in order to raise sufficient funds to enable the Company to carry out its initial exploration programme on its three permit areas. In addition, the AIM listing will, in the Directors' opinion, enable the Company to raise further rounds of funding in the future to finance appraisal and further exploration on the Company's existing and any future permit areas.

The proceeds of the Placing, of up to approximately £6 million, together with the existing cash resources of the Group of approximately £9.1 million and the funding contributions from Methanex, will be used to fund the Company's work programme on its existing permit areas for the next 24 months, and to position the Company to expeditiously pursue commercialisation of any discoveries, and to participate in other exploration projects it deems of high merit.

7. Directors and Senior Management

The current composition of the Board is as follows:

Ian Gowrie-Smith (61)

Chairman, Non-Executive Director

Ian has been a founder and developer of mining and pharmaceutical public companies over the past 30 years. He was the founding Chairman of SkyePharma plc. Prior to establishing SkyePharma, Ian was founding Chairman of Medeva plc and Griffiths Bros. Limited, which listed TiO₂ Corporation, a company responsible for the largest ilmenite deposit in Western Australia. He was also Chairman of Rift Oil prior to its successful sale to Talisman Energy in 2009.

Dr David Bennett (63)

Chief Executive Officer

Dave Bennett is the former Exploration Manager of NZOG (New Zealand Oil and Gas Ltd), a company listed on the New Zealand Stock Exchange and the Australian Stock Exchange, and

former Chief Executive of Austral-Pacific Energy Ltd, and a past Director of Rift Oil. Since 1982 Dave has been involved in oil and gas exploration in New Zealand and elsewhere around the Pacific Rim. Dave has played a prominent role in a number of successful oil and gas discoveries in New Zealand and Papua New Guinea. Dave is a New Zealand resident.

Peter Wright (40)

Finance Director

Peter Wright holds a Bachelor of Commerce Degree in Economics from the University of Cape Town. In addition to his role with Kea Petroleum, Peter is Finance Director of AIM listed Triple Plate Junction plc. Prior to joining Triple Plate Junction, Peter acted as a consultant on audit, accountancy and corporate finance matters for a number of AIM listed companies. Peter was previously Finance Director of Rift Oil prior to its successful sale to Talisman Energy in 2009.

David Lees (62)

Executive Director

David has extensive experience in the management and promotion and financing of public companies. David was a founding Director of Griffiths Bros. Limited, Medeva plc, NamesCo plc, Rift Oil and SkyePharma plc, and is, together with his role in Kea Petroleum currently Chief Executive Officer of AIM listed Triple Plate Junction plc, Chairman of Asia Digital Holdings plc, and a Director of Metis Biotechnologies plc, Network Estates Limited and Accident Exchange plc.

Dr John Conolly (73)

Non-Executive Director

Dr John Conolly is the Executive Chairman of Rawson Resources Limited, a company listed on the Australian Stock Exchange. Between 1980 and 1988 John was an executive director of Sydney Oil Company Limited. John is an associate of the Energy & Geoscience Institute at the University of Utah's College of Engineering. Throughout his career John has published widely and has consulted to Australian government agencies and the oil industry.

John Bentley (61)

Non-Executive Director

John has over 30 years experience in the natural resources sector in Africa, South America, North America and Europe including time with the Gencor Group and Energy Africa Limited, which he took through the listing process in South Africa. John was Chief Executive Officer of Energy Africa for five years, building it up to be one of the leading independent exploration and production companies in the region. John is currently chairman or director of a number of public companies including Artumas Group Inc, Faroe Petroleum plc, Resaca Exploitation Inc, CDS Oil & Gas Group plc and Scotgold Resources Ltd. John was previously a Non-Executive Director of Rift Oil.

Peter Mikkelsen (57)

Non-Executive Director

Peter is a geologist with 30 years of upstream oil industry experience, including 15 years at exploration manager level or equivalent. Peter joined Carless Exploration Ltd, working on its UK onshore and offshore portfolio and was primarily responsible for onshore discoveries in the early 1980s. Peter became Vice President of Exploration of Carless's US subsidiary in 1986 and then returned to the UK to join Brabant in 1988. As exploration director, Peter was involved in a number of North Sea discoveries, including Malory, Hannay and Goldeneye, together with an expansion of Brabant's international portfolio into Europe and Tunisia.

Since leaving Brabant/EDC in 1999, Peter now specialises in the initiation and development of exploration projects at an early stage, particularly in regional evaluation, government negotiation and licence application. Peter was previously a Non-Executive Director of Rift Oil.

DEFINITIONS

The following technical terms apply throughout this announcement unless the context requires otherwise:

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|------------------------|---|
| “bbl” | barrels of oil |
| “bcf” | billion cubic feet (=1,000 million cubic feet) |
| ”bpd” | barrels per day |
| “boe” | barrels of oil equivalent |
| “bopd” | barrels of oil per day |
| “EUR” | estimated ultimate recovery |
| “GJ” | gigajoule |
| “Km” | kilometres |
| “LTS” | low temperature separator |
| “m³” | cubic metres |
| “MMbbl” | million barrels of oil |
| “MMboe” | million barrels of oil equivalent |
| “PJ” | petajoules |
| “PJ/a” | petajoules per annum |
| “Sq km” | square kilometres |
| “TCF” | trillion cubic feet (=1,000,000 million cubic feet) |
| “WTI” | West Texas Intermediate |

ENDS