



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

### **Kea Extends Methanex Alliance**

Kea Petroleum PLC ("KEA"), the New Zealand based oil and gas exploration company and Methanex New Zealand Ltd ("Methanex") is pleased to announce that it has signed a legally binding Heads of Agreement (the "Agreement") to establish a broadly based alliance to facilitate exploration in the Taranaki Basin in New Zealand.

The Agreement records the principles upon which the parties, Kea and Methanex, will collaborate (the "Alliance") and will contribute to and share in Alliance projects.

The Alliance foreshadows participation in evaluation, seismic, rig assessment and/or acquisition, drilling and terms of commercial exploitation.

Each well drilled will be the subject of a separate agreement, but the principles include:

- a) each party will contribute 50% of funding requirements
- b) Methanex will be entitled to a percentage of accounting profits generated from any successful collaborative project. It will also be entitled to buy any gas produced on terms and at a price in accordance with the same formula as was used for the Beluga Gas Offtake Agreement, and
- c) Kea will be entitled to all oil and gas condensate income as well as the gas sales under the Offtake Agreement subject to the Methanex's rights to recover cash contributions and a royalty on liquids income.

Pursuant to this Agreement, Methanex and Kea have initiated a review of all of Kea's licences. In particular the parties have reached an advanced stage regarding a full review of the Beluga prospect and a decision on whether and where and how to drill a further hole at Beluga is expected in the first quarter of next year.

The Alliance has also commenced more extensive assessment to prospectively drill the Felix and Mangatōa prospects in Licence 381204.

On other news, Directors advise that flow testing of Wingrove is not now expected to commence until February following the late delivery of equipment.

Chairman, Ian Gowrie-Smith said:

“We are delighted to have concluded this agreement which foreshadows an active and extensive oil and gas exploration program starting in 2011.”

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:**

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**Notes to Editors:**

Kea Petroleum is an AIM listed oil and gas exploration company with six petroleum exploration permits in Taranaki and Northland Basins of New Zealand and a 10% interest in the PEP 38524 joint venture. Kea listed on the London market in February 2010.