

This announcement replaces the interim results announcement released at 7.02am today under RNS number 9322B. The earnings per share number contained in the financial highlights section and in the income statement should show a loss of 0.21p per share and not 0.42p per share. The announcement is otherwise unchanged.

For Immediate Release

28 February 2011



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

INTERIM RESULTS FOR THE PERIOD ENDED 30 NOVEMBER 2010

Kea Petroleum plc (AIM:KEA) is pleased to present its inaugural Interim Results for the period ended 30 November 2010 (there is no comparable period).

Operational Highlights

- Kea announces intention to farm in and drill two exploration wells during the coming half year
- Kea expedites 3D seismic on Mercury Prospect – a highly prospective oil play
- Extension of Methanex alliance
- Methanex actively reviews opportunities to drill exploration wells jointly funded with Kea and backed by long term gas off take agreements
- Wingrove expected to be in production during next quarter
- Purchase of shallow drilling rig to facilitate shallow drilling programme

Financial Highlights

- Over £16m of cash held at balance sheet date
- Loss before tax: £1.1m
- Loss per share: 0.21p

Chairman, Ian Gowrie-Smith said:

“It is exciting that Kea now stands at the cusp of turning from explorer to producer. Commencement of Wingrove production and the anticipated drilling at two wells, on new prospects to which Kea hopes to farm in, during the coming months should see a return to the kind of pace with which Kea started 2010. Our relationship with Methanex is exceptional and it is most likely that this partnership will see some drilling this year on one or more of our New Zealand prospects.”

For further information please contact:

Kea Petroleum plc
Ian Gowrie-Smith, Chairman
David Lees, Executive Director

Tel: +44 (0)20 7340 9970

RBC Capital Markets
Matthew Coakes / Daniel Conti
Martin Eales (NOMAD)

Tel: +44 (0)20 7653 4000

Buchanan Communications
Tim Anderson / James Strong

Tel: +44 (0)20 7466 5000

CHAIRMAN'S STATEMENT

The recent and continuing climb in oil prices and the growth of LNG / methanol production and consumption, make Kea's continuing moves to acquire large areas of prospective acreage particularly well timed.

The most significant development during the last six months has been the formal extension of our relationship with Methanex New Zealand Limited, a subsidiary of the Methanex Corporation of Canada ("Methanex"), wherein all Kea's prospects are now jointly the subject of an exhaustive internal and external review. The objective is to prioritise a drilling programme to give both companies the best risk/reward ratio.

The Beluga prospect, on Kea's permit PEP 51155, has been subject to a great deal of analytical work over the past six months, in conjunction with Methanex. The consensus view is that the Tariki sands which were intersected while drilling Beluga 1 are likely water saturated at the well location. This supports the Company's decision at the time of drilling to suspend the hole rather than attempt to flow test it at some considerable cost. It is unlikely that the Company will pursue the remaining potential for the Tariki sands on PEP51155. Of a more positive reflection, though, is that there remains good potential for commercial quantities of gas in stacked pay in the lower Mangahewa Sands; and it remains a strong possibility that the Company will drill a new deviated well, Beluga-2, from the current site, to test this. The timing of such well is dependent on the priority given to other prospects, and also the constraints on rig availability.

The plan to bring the Wingrove discovery, on Kea's permit PEP 51153, into production by end of February 2011 has unfortunately not been fulfilled as yet due to ongoing delays in delivery of specialist, custom-made equipment, from Canada. Most of this equipment has now arrived on site and the balance is now expected within a month. This has had a knock on effect in delaying assessing a number of Mt Messenger style prospects, including further drilling from the Wingrove site. It has been considered prudent to wait for the results of production testing of Wingrove-2 before embarking on appraisal drilling of this oil discovery and other similar prospects. A further constraint has been the lack of availability of a suitable rig. Whilst there are a number of rigs that can drill these relatively shallow prospects, most of the existing rigs in New Zealand are too large and therefore too expensive. The Company is pleased to announce that it has recently jointly purchased a Titan DG2500 truck mobile rig, which should be ideal for completing such wells for production and drilling similar shallow targets, in association with Webster Drilling and Exploration Ltd.

The Felix Prospect, in licence area PEP 381204, has had significant additional analysis and the Company plans on drilling this prospect later this year. The hole will be drilled from onshore and deviated offshore and will intersect several targets in addition to the principal target being the Eocene Mangahewa Sands which are the producer reservoirs in Shell's nearby Pohokura Field. Kea is in active discussion with Methanex on the precise location of the well and a decision is likely within the next couple of months. Regardless of whether Methanex decide to partner in drilling Felix, Kea has already decided to drill this prospect, by itself or in association with suitable farm-in parties. The Company has now spent a considerable amount of time and energy on selecting possible drill sites, and in negotiations with land owners for access agreements.

On the highly prospective Mercury area, in permit PEP 52333, which was once assessed by Shell as having the upside potential to have over 400 million barrels of recoverable oil, Kea is pleased to advise that it has recently reached agreement with Singaporean company STP Energy to complete a joint 3D seismic survey over the Mercury Prospect and their adjacent discovery area in the very near future. This programme will be well ahead of requirement under the terms of the permit lease, which reflects the Company's enthusiasm for this prospect. The Board believes that Mercury could be drilled as early as next year.

Vintage seismic on the Manta Prospect located in recently granted offshore permit area PEP52200 has now been completed, with encouraging results for this high upside play, with further seismic acquisition being considered.

A number of Kea's onshore and near shore prospects depend heavily on rig capabilities not presently available in New Zealand, which can be capable of drilling substantial deviated and horizontal holes. Many of the sites we are looking to drill from are access-constrained or site-challenged. Additionally, where they are offshore we may wish to drill deviated holes from onshore. Consequently the Company, in partnership with Webster Drilling and Exploration Ltd., is presently evaluating the purchase and importation of another suitable rig.

As advised in the Chairman's Statement in the Annual Report and Accounts for the period to 31 May 2010, the quantity and timing of the Company's drilling program in New Zealand was dependent on "the deliberations by New Zealand's Ministry of Economic Development (MED) over certain critical approvals". Whilst a number of approvals were granted in Kea's favour, the critical approval being sought was for the Company to be granted a licence to the Kahili Block, an area which borders Kea's licences PEP51153 and PEP51155. Kahili was a former producing gas field and in the view of the Directors, the new licence should have been awarded to Kea. The impact of that decision was that Kea no longer had a ready-to-drill target with which to initiate its joint drilling programme with partner Methanex.

As a consequence of this disruption to its planned drilling programme, Kea has broadened its search for drill-ready prospects to onshore Australia and in the Timor Sea area off the coast of Northern Australia. In respect of onshore Australia, the Company expects to farm in and drill two different prospects in the coming months. Both prospects fit in the Company's target profile as they are near existing production, relatively shallow, and can be brought into production quickly in the event of discovery. They will not impact seriously on the Company's present financial resources. One of the prospects is an oil opportunity and the other a gas target near existing infrastructure.

Kea has also taken the opportunity to strengthen its technical team, in readiness for an active programme which it expects to start shortly. The setback of not being granted the Kahili Block is now behind us; and we now have a planned programme of drilling starting within the next three months in onshore Australia. Concurrently, we will be beginning our 3D seismic survey over the Mercury Prospect, will commence site access work for Felix, and will assess drilling rig options for Felix and other drilling targets for later this year and early 2012.

At balance sheet date Kea had cash balances of almost £16 million sterling equivalent, sufficient to cover its current lease obligations in New Zealand and the planned onshore commitment in Australia.

Ian Gowrie-Smith
Chairman

25 February 2011

KEA PETROLEUM PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six months ended 30 November 2010

	Six months ended 30 30 November 2010 £'000	Period ended 31 May 2010 £'000
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administration expenses	(1,233)	(1,357)
Operating loss	(1,233)	(1,357)
Finance income	167	106
Loss before taxation	(1,066)	(1,251)
Taxation	-	98
Loss for the period	(1,066)	(1,153)
Other comprehensive income:		
Exchange differences on translating foreign operation	207	157
Total comprehensive loss for the period	(859)	(996)
Loss per share		
Basic and fully diluted (pence per share)	(0.21)p	(0.32)p

The loss for the period and total comprehensive loss for the period are 100% attributable to equity shareholders of the parent undertaking.

The accompanying accounting policies and notes form an integral part of these financial statements.

KEA PETROLEUM PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 November 2010

Company Registration 7023751

	30 November 2010 £'000	31 May 2010 £'000
Current Assets		
Cash and cash equivalents	15,931	20,095
Trade and other receivables	421	1,470
	16,352	21,565
Non-Current Assets		
Property, plant & equipment	35	18
Oil & gas exploration assets	5,010	2,437
	5,045	2,455
Total Assets	21,397	24,020
Current Liabilities		
Trade and other payables	741	3,277
Total liabilities	741	3,277
Shareholders' Equity		
Issued capital	5,086	5,037
Share premium	16,734	16,390
Merger reserve	125	125
Share option reserve	566	187
Translation reserve	364	157
Retained earnings	(2,219)	(1,153)
Total equity	20,656	20,743
Total Equity and Liabilities	21,397	24,020

The financial statements were approved by the Board of Directors on 25 February 2011

P. Wright
Director

KEA PETROLEUM PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 November 2010

	Share capital	Share premium	Merger Reserve	Share option reserve	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Issue of shares	5,037	16,390	-	-	-	-	21,427
Equity settled share options	-	-	-	187	-	-	187
Restructure	-	-	125	-	-	-	125
Transactions with owners	5,037	16,390	125	187	-	-	21,739
Loss for the period	-	-	-	-	-	(1,153)	(1,153)
Other comprehensive income:							
Exchange differences on translation of foreign operations	-	-	-	-	157	-	157
Total comprehensive loss for the year	-	-	-	-	157	(1,153)	(996)
At 31 May 2010	5,037	16,390	125	187	157	(1,153)	20,743
Issue of shares	49	344	-	-	-	-	393
Equity settled share options	-	-	-	379	-	-	379
Restructure	-	-	-	-	-	-	-
Transactions with owners	49	344	-	379	-	-	772
Loss for the period	-	-	-	-	-	(1,066)	(1,066)
Other comprehensive income:							
Exchange differences on translation of foreign operations	-	-	-	-	207	-	207
Total comprehensive loss for the period	-	-	-	-	207	(1,066)	(859)
At 30 November 2010	5,086	16,734	125	566	364	(2,219)	20,656

KEA PETROLEUM PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 November 2010

	Six months ended 30 November 2010 £'000	Period ended 31 May 2010 £'000
Net cash flow from operating activities	(2,340)	864
Cash flows from investing activities		
Interest received	167	106
Expenditure on oil and gas exploration assets	(2,573)	(2,437)
Purchase of property, plant and equipment	(18)	(22)
Net cash used in investing activities	(2,424)	(2,353)
Cash flows from financing activities		
Proceeds from share issues	393	21,427
Net cash generated from financing activities	393	21,427
Net increase / (decrease) in cash and cash equivalents	(4,371)	19,938
Cash and cash equivalents at beginning of period	20,095	-
Foreign exchange differences - net	207	157
Cash and cash equivalents at balance sheet date	15,931	20,095
Reconciliation of cash flows from operating activities with loss for the period		
Loss for the period	(1,066)	(1,153)
Movements in Working Capital		
Trade and other receivables	1,049	(1,470)
Trade and other payables	(2,536)	3,277
Depreciation	1	4
Interest received	(167)	(106)
Share option expense	379	187
Merger reserve	-	125
Net cash flow from operating activities	(2,340)	864

KEA PETROLEUM PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 NOVEMBER 2010

1. Basis of preparation

This interim financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies, methods of computation and presentation used in the preparation of the interim financial information are the same as those used in the Group’s audited financial statements for the period ended 31 May 2010.

The financial information in this statement does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the six months ended 30 November 2010 is unaudited. The comparative information for the year ended 31 May 2010 was derived from the Group’s audited financial statements for that period as filed with the Registrar of Companies. It does not constitute the financial statements for that period.

2. Loss per share

	Six months ended 30 November 2010 £’000	Period ended 31 May 2010 £’000
Loss for the period attributable to equity shareholders	(1,066)	(1,153)
Basic and diluted loss per share	(0.21)p	(0.32)p
		Number of shares
Issued ordinary shares at start of the period	503,690,000	-
Ordinary shares issued in the period	4,915,000	503,690,000
Issued ordinary shares at end of the period	<u>508,605,000</u>	<u>503,690,000</u>
Weighted average number of shares in issue for the period.	<u>507,071,913</u>	<u>364,836,627</u>

The diluted loss per share does not differ from the basic loss per share as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive.

3. Share capital

	Shares	Nominal Value (1.0p) £’000	Premium net of costs £’000	Total £’000
Authorised share capital				
Ordinary shares of £0.01 each	1,000,000,000			10,000
Issued, called up and fully paid Ordinary shares of £0.01 each				

Opening Balance 31May 2010	503,690,000	5,037	16,390	21,427
Warrants exercised	4,915,000	49	344	393
	<hr/>			
30 November 2010	583,605,000	5,086	16,734	21,820
	<hr/> <hr/>			

4. Events after the balance sheet date

In December 2010 Kea signed a Heads of Agreement with Methanex to establish a broadly based alliance to facilitate exploration in the Taranaki Basin.

In January 2011 Kea issued 12 million options at 12p per share under the unapproved share option plan for the benefit of various employees.