



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

Kea sells its Drill Rig Interests
Retaining First Right of Refusal on Usage of VR500 Rig

Kea Petroleum PLC, (AIM: KEA), the New Zealand-based oil and gas exploration company, advises that it has, sold its 50% shareholding in Petra Drilling Limited ("Petra"), and its associated rights to the Titan workover rig and the VR500 drill rig, to Webster Drilling and Exploration Limited ("Webster"), the other shareholder in Petra. A loan by Kea to Petra to initiate the project to bring to New Zealand a state of the art drilling unit, namely a fully automated VR500 rack and pinion topdrive rig, is to be fully repaid by Petra. In addition, Webster's have also paid Kea the full asset value of the Petra shares, and Petra has repaid the money advanced by Kea last year to enable the purchase of the Titan workover rig.

Chairman Ian Gowrie-Smith commented: "We are pleased to transfer our rights to Webster Drilling, an established drilling company which has the expertise to operate these rigs; and we wish them well in their endeavours in the oil drilling sector. While we have never sought ownership of drill rigs, we are delighted to have played such a key role in bringing modern drilling technology to New Zealand. We are confident this will result in both cheaper and better drilling in New Zealand in the future. Kea maintains a right of first refusal to use the VR500 after it completes its initial contract, and is looking forward to the opportunity to make use of its capabilities in our proposed drilling programme. Our cash resources can now again be fully dedicated to our core business of oil and gas exploration"

The Agreement

The agreement between Kea and Webster dated 14 October 2011 (the "Agreement") provides that:

- A US\$1,500,000 loan by Kea to Petra made pursuant to a loan agreement between Kea and Petra is to be fully repaid by Petra on or around 31 October 2011.
- Webster Drilling has also repaid Kea NZ\$392,075.23 in full settlement of the loan for the Titan rig and value of the Petra shares.

For further information please contact:

Kea Petroleum Plc

David Lees, Executive Director

Tel: +44 (0)20 7340 9970

RBC Europe Ltd

Matthew Coakes / Daniel Conti

Tel: +44 (0)20 7653 4000

Buchanan Communications

Tim Anderson / Isabel Podda

Tel: +44 (0)20 7466 5000

Notes to Editors:

Kea Petroleum is an AIM listed oil and gas exploration company with interests in four petroleum exploration permits in New Zealand's Taranaki Basin and one exploration permit in Australia's Surat Basin. Kea listed on the London market in February 2010.