



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

**Mauku-1 Funding & other matters**

Kea Petroleum plc (AIM:KEA) announces that it has been notified by Methanex New Zealand Ltd ("Methanex") of their intention to fund 50% of the Mauku-1 well in Kea's 100% owned petroleum exploration permit PEP 381204, situated onshore and offshore in the Taranaki Basin of New Zealand. Methanex is a wholly owned subsidiary of Canadian-based methanol producer Methanex Corporation.

Under the terms of a Funding and Participation Agreement between Kea and Methanex, each will fund 50% of the well, and Methanex will acquire rights to purchase from Kea all gas discovered in the Mauku Prospect, at a gas price linked to world methanol price, while Kea retains ownership of all condensates (light oil) produced. Kea also retains 100% of the equity in PEP 381204, which enables it to introduce other partners to assist in funding Mauku. Discussions with such parties are presently underway. The well is budgeted at US\$11M plus testing costs.

The Mauku-1 well will initially be drilled to a depth of 3400m from an onshore location to test for gas in the Mangahewa Formation, a stacked sandstone interval with a gross thickness of approximately 600m, which forms the reservoir in Shell's Pohokura gas field, along trend about 60 km to the south. Pohokura is presently the major producing gas field in New Zealand, with a well stream containing high levels of condensates; and in the event of discovery the Directors believe that Mauku production could potentially have a similar composition.

Mauku has been separately assessed by both Kea and Methanex's management as having a potential unrisked recoverable resource of some hundreds of billion cubic feet of gas and several tens of millions of barrels of condensate. In the event of a substantial discovery, gas would be linked to Methanex's methanol plants, either by a direct onshore-offshore pipeline from the Mauku location to the plants, or by linking in to the high capacity Maui-Huntly open access onshore pipeline, which runs approximately 30km to the south of Mauku.

Although the Mauku Prospect is mapped as extending across the coastline, development following discovery would be largely onshore based, with wells being deviated to access offshore parts of the reservoir, as occurs at Pohokura. This should have a very positive impact on project economics and profitability, by avoiding the high costs and long lead times associated with offshore development.

As an initial stage, the top 1000m of the Mauku-1 is planned to be drilled with a small rig in January 2012, and the Directors believe there is a possibility that shallow oil-bearing Miocene sandstones may be intersected in this pilot hole. In mid 2012, subject to rig availability, deeper exploration will follow.

This initial shallow well would be drilled as part of a larger programme planned by Kea for early 2012. The other wells are planned to test for oil near to the existing Waihapa and McKee oil fields,

within Mount Messenger sandstones, which are oil producing reservoirs at a number of nearby oil fields.

Kea has decided to relinquish its onshore Northland petroleum exploration permit PEP 51339 its offshore permit PEP 52200 and its 10% share in offshore petroleum permit PEP 38524 in order to focus its resources more closely on Mauku and this drilling programme.

Chairman Ian Gowrie-Smith said "We are delighted to again be partnering with Methanex in our quest to discover substantial new gas fields. We believe, the economic potential of a discovery at Mauku for both ourselves and Methanex, and for New Zealand, could be significant. Also, we believe our upcoming shallow oil exploratory drilling could potentially have a considerable impact on Kea's near-term cash flow and balance sheet, at a manageable cost to the Company".

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**

Tel: +44 (0)20 7340 9970

David Lees, Executive Director

**RBC Europe Limited**

Tel: +44 (0)20 7653 4000

Matthew Coakes / Daniel Conti

**Buchanan Communications**

Tel: +44 (0)20 7466 5000

Tim Anderson / Isabel Podda

**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.