



NOTICE OF ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

4 May 2017

Dear Shareholder,

On behalf of the Directors of Kina Petroleum Limited, I am pleased to present our Annual Report for the 2016 financial year and invite you to the 2017 Annual General Meeting of the Company, which is to be held on Wednesday 24 May 2017 at 11 am in Port Moresby.

Report on 2016 Activity

2016 was a year of consolidation for the company in the face of low oil and gas prices and a limited industry appetite for exploration and development activity. Kina took the opportunity afforded by the relatively low levels of activity to preserve capital by divesting non-core assets such as PPL 337, and focus on the renewal of licences which are fundamental to generating value in future. Those licences are the PPL 338, 339 and 340 licences which Kina has held interests in since before its initial public offering.

I am very pleased to report that our application to extend PPL 338 was approved by the government of PNG and Kina was awarded a 5-year extension early in 2017, with effect from 31 January 2017. As is customary, Kina was required to relinquish half of the area of PPL 338 that it previously held, however we were able to apply for this relinquished area as a set of new exploration licences. The first of these new licences, PPL 581, was awarded alongside the PPL 338 extension, and offers for the other 3 licences have been accepted.

The PPL 339 extension is being managed by the Operator, Oil Search, and we continue to work with them and the Regulator while that is being progressed.

A licence extension was also applied for in respect of PPL 340, covering 50% of the original area, and at the date of this notice we await award of the extension.

Other highlights of 2016 include:

- *An announcement by Kumul Petroleum*, the company which holds the State's interests in Oil and Gas Projects, of its intention to develop a pipeline from Western Province through to Port Moresby to assist with commercialisation of hydrocarbons in Western Province.
- *In PRL 21*, formation of a Joint Working Team (with the PDL 10 Joint Venture) whose objective is to commercialise the combined PRL 21/PDL 10 hydrocarbon resource.
- *In PRL 38*, we commenced evaluation of 3D seismic data over the Pandora gas fields, providing valuable information about commercialization options for the licence.

- *Formulation of a farmout strategy for forelands licences*, including PPLs 338, 339 and 340 to capitalize on the prospectivity in these areas which are adjacent to the Elk/Antelope discoveries that will underpin the proposed Papua LNG project.
- *Completion of re-processing of all legacy seismic data* in PPLs 435, 436 & 437 allowing the prospectivity of these licences to be more clearly delineated

Existing Projects

The Company's exploration and development projects as at the date of this Notice are set out below.

| License | Prospect | Ownership | Operator |
|---------------|-------------------------------------|---|-----------------|
| PPL 338 & 581 | Triceratops Extension / Iviri South | Kina 100%. | Kina |
| PPL 339 | Kalangar | Kina 30% (with Oil Search (PNG) Ltd having a 70% participating interest earned through funding seismic and drilling exploration expenditure). | Oil Search Ltd. |
| PPL 340 | Port Moresby and Lizard | Kina 100% | Kina |
| PPL 435 | In progress | Kina 100% | Kina |
| PPL 436 | In progress | Kina 100% | Kina |
| PPL 437 | Malisa South | Kina 57.5% and Heritage 42.5% | Kina |
| PRL 21 | Eleva/Ketu/ Tingu Fields | Kina 15% * | Horizon Oil Ltd |
| PRL 38 | Pandora Fields | Kina 25% | Repsol |

* To increase to around 16.5% upon completion of withdrawal of Mitsubishi Corporation

The resolutions to be considered at the Annual General Meeting relate to:

- The adoption of the Directors' remuneration report,
- Election and re-election by rotation of existing Directors,
- Refreshing the ability for the Board to place an additional 10% of its issued capital during the next 12 months should it deem it appropriate and
- Issuing shares earned by Non-Executive Directors as part of their remuneration. This includes shares approved at the 2016 AGM, but not issued.

Lastly, I would like to thank all of the Kina shareholders for their support over the past 12 to 18 months and we look forward to continued success over the coming period.

Yours sincerely,

Richard Robinson
Non-Executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Kina Petroleum Limited (“**Kina**” or the “**Company**”) for the 2016 calendar year will be held on **Wednesday 24 May 2017 at 11.00 a.m.** (PNG time) at the Laguna Hotel Banquet 1, Section 136 Allotment 8, Waigani Drive, National Capital District, Port Moresby, Papua New Guinea. The Explanatory Memorandum accompanying this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and Proxy Form are included in this Notice. The Directors have determined that, pursuant to section 106 of the *Companies Act* 1997 (PNG), the persons entitled to receive notice of the Annual General Meeting are those who are registered shareholders of the Company as at close of business on **Thursday 4 May 2017, and that, in accordance with the *Companies Act* 1997 and the Company's Constitution, a person's entitlement to vote at the Annual General Meeting will be determined by reference to the number of fully paid shares registered in the name of that person (reflected in the register of members) at 11.00 a.m. on Monday 22 May 2017 (PNG time).**

BUSINESS

FINANCIAL STATEMENTS

To receive and consider the financial statements of the Company and its controlled entities for the year ended 31st December 2016 and the related Directors' Report, Directors' Declaration and Auditors' Report.

RESOLUTION 1: ADOPTION OF DIRECTORS' REMUNERATION REPORT

To adopt the Directors' Remuneration Report for the year ended 31st December 2016.

Voting Exclusion

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the key management personnel of the Company (including Directors) (“**KMP**”), or their closely related parties, as well as any undirected votes given to a KMP as proxyholder. However the Company need not disregard a vote cast by a KMP or closely related party of the KMP if:

- it is cast by a person as proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- it is cast by a person chairing the meeting as proxy for a person who is permitted to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 2: RE ELECTION OF DIRECTOR (Mr Richard Robinson)

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That Mr Richard Robinson who retires in accordance with clause 15.3 of the Company's Constitution and, being eligible, offers himself for re-election, is hereby re-elected a director of the Company”.

RESOLUTION 3: RE ELECTION OF DIRECTOR (Mr David Vance)

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That Mr David Vance who retires in accordance with clause 15.3 of the Company's Constitution and, being eligible, offers himself for re-election, is hereby re-elected a director of the Company”.

RESOLUTION 4: APPROVAL OF 10% PLACEMENT FACILITY

To consider, and if thought fit, pass the following resolution as a **special resolution**:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of equity securities up to 10% of the issued capital of the Company calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by a person who may participate in the proposed issue under the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares in the Company, if Resolution 4 is passed, and any associates of the aforementioned persons. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the Annual General Meeting intends to vote all undirected proxies in favour of Resolution 4.

RESOLUTION 5: ISSUE OF SHARES TO MR BARRY TAN

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Company to issue 215,525 fully paid ordinary shares at an issue price of \$0.375 to Mr Barry Tan or his nominees."

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 5 by Mr Barry Tan or his associates unless it is cast:

- (a) as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6: ISSUE OF SHARES TO DR ILA TEMU

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Company to issue 215,525 fully paid ordinary shares at an issue price of \$0.375 to Dr Ila Temu or his nominees."

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 6 by Dr Ila Temu or his associates unless it is cast:

- (a) as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7: ISSUE OF SHARES TO MR RICHARD ROBINSON

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Company to issue 231,674 fully paid ordinary shares at an issue price of \$0.41 to Mr Richard Robinson or his nominees.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 7 by Mr Richard Robinson or his associates unless it is cast:

- (a) as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 8: ISSUE OF SHARES TO MR DAVID VANCE

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Company to issue 146,693 fully paid ordinary shares at an issue price of \$0.35 to Mr David Vance or his nominees.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 8 by Mr David Vance or his associates unless it is cast:

- (a) as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED: 4 May 2017

By order of the Board.

Richard Schroder
Managing Director

NOTES:

Explanatory Memorandum

The Notice of Annual General Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

Eligibility to vote

In accordance with the *Companies Act 1997* and the Company's Constitution, a person's entitlement to vote at the Annual General Meeting will be determined by reference to the number of fully paid shares registered in the name of that person (reflected in the register of members) at **11.00 a.m. on Monday 22 May 2017 (PNG time)**.

Proxy votes

A shareholder entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in their place.

Where more than one (1) proxy is appointed, the appointment may specify the proportion or number of votes that the proxy may exercise, otherwise each may exercise half of the votes.

A proxy need not be a shareholder.

A form of proxy must be signed by the shareholder or the shareholder's attorney.

Proxies must reach the Company at least forty eight (48) hours before the meeting at which the person named in the proxy form proposes to vote.

The address for lodgement of proxies is:

Australian Shareholders:

| Delivery Address: | Postal Address: | Fax Number: |
|---|---|--------------------|
| Kina Petroleum Limited C/- Link Market Services Limited Level 12, 680 George Street Sydney South NSW 1235 (do not use this address for mailing purposes) | Kina Petroleum Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 | +612 9287 0309 |

Papua New Guinea Shareholders:

| Delivery Address: | Postal Address: | Fax Number: |
|--|--|--------------------|
| Kina Petroleum Limited C/o PNG Registries Limited Level 2, AON Haus McGregor Street Port Moresby, NCD, Papua New Guinea (do not use this address for mailing purposes) | Kina Petroleum Limited C/o PNG Registries Limited PO Box 1265 Port Moresby, NCD, Papua New Guinea | +675 321 6379 |

Key Management Personnel as proxy

If a shareholder appoints a member of the key management personnel (**KMP**) (which includes each of the Directors) or a closely related party of any KMP as proxy, such KMP or closely related party is not able to vote a proxy on Resolution 1 unless the shareholder directs them how to vote by marking the box on the Proxy Form (Step 2) for Resolution 1.

If a shareholder appoints the Chairman of the Meeting as proxy, the shareholder can direct the Chairman how to vote by either marking the boxes on the Proxy Form for Resolution 1 (Step 2), or by marking the Chairman voting direction box on the Proxy Form (Step 1) in which case this will be considered to be an express direction to the Chairman of the Meeting to vote in favour of the proposed resolution in Resolution 1. If the voting direction boxes are not completed in either Step 1 or Step 2, then the Chairman will not cast any votes on your behalf on Resolution 1.

Undirected Proxies

Subject to the above, the Chairman of the Meeting intends to vote undirected proxies in favour of all of the resolutions. However, the Company encourages all shareholders who submit proxies to direct their proxy how to vote on each resolution by marking the boxes on the Proxy Form (Step 2) for each item of business.

Directed Proxies

Under the Company's Constitution, the rules relating to how a proxy must vote directed proxies are as follows:

- the proxy must cast or abstain from casting a vote on the item of business as directed;
- the proxy must, on a poll, cast the votes as to which a direction is given by the instrument of proxy in accordance with that direction;
- but if the shareholder does not indicate how the proxy must cast that vote, the proxy may cast or abstain from casting the vote as the proxy determines.

Power of Attorney

If a proxy is signed by a shareholder's attorney, the shareholder's attorney confirms that he or she has received no revocation of authority under which the proxy is executed and the authorities under which the appointment was signed or a certified copy thereof must also be received at least forty eight (48) hours before the meeting.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

Questions for the Auditor

Shareholders may submit written questions for the auditor up to five business days before the date of the Annual General Meeting. Shareholders wishing to do so may send their questions to the Company c/- Suite 3, Level 6, 9 -13 Young Street, Sydney, NSW 2000, and the Company will pass them on to the auditor.

2016 Annual Report

Copies of the Company's 2016 Annual Report for the financial year ending 31st December 2016 ("**Annual Report**") comprising the Annual Financial Reports, Directors' Report and Auditor's Report of the Company and the Company's controlled entities will be distributed to those shareholders requesting a physical copy of these documents. The Company's Annual Report is able to be viewed at the Company's website at www.kinapetroleum.com

Enquiries

Shareholders are invited to contact the Managing Director, Mr Richard Schroder on **+61 2 8247 2500** if they have any queries in respect of the matters set out in these documents.

EXPLANATORY MEMORANDUM

KINA PETROLEUM LIMITED

INTRODUCTION

This Explanatory Memorandum has been prepared to assist shareholders in considering the Resolutions set out in the Company's Notice of Annual General Meeting. This Explanatory Memorandum forms part of, and should be read in conjunction with, the Company's Notice of Annual General Meeting, for the Company's Annual General Meeting to be held on **Wednesday 24 May 2017 at 11 am** (PNG time) at the Laguna Hotel Banquet 1, Section 136 Allotment 8, Waigani Drive, National Capital District, Port Moresby, Papua New Guinea. Terms used in this Explanatory Memorandum are defined in the Glossary at page 16 of this Explanatory Memorandum.

BUSINESS

FINANCIAL STATEMENTS

The Companies Act 1997 (PNG) requires that the Financial Report (including the Directors' Report, Financial Statements and the Audit Report) be laid before the Annual General Meeting. Although not requiring a vote of shareholders, an opportunity will be provided for shareholders to ask questions on the reports, including of the Company's auditor, who will be available to answer shareholders' questions relating to the Audit Report.

RESOLUTION 1: ADOPTION OF DIRECTORS' REMUNERATION REPORT

The Board is committed to creating value for shareholders by applying the Company's funds productively and responsibly. A portion of the funds available to the Company is applied to remunerate your Non-Executive Directors.

Your Board is aware of the sensitivities of shareholders to remuneration practices generally, and submits its remuneration report to shareholders for consideration and adoption under a non-binding resolution.

The Remuneration Report appears within the Directors' Report in the Company's Annual Report and describes the remuneration practices of the Company and the rationale underpinning those practices.

The Company has elected to follow recent amendments to the Corporations Act 2001 (Cth) so that:

- (a) the Company will disregard any votes cast on this item of business by any member of "Key Management Personnel" (**KMP**) of the Company and their closely related parties, except as directed by any proxies; and
- (b) a 'two-strike' process in relation to the advisory and non-binding vote on the remuneration report will be introduced. Under the two-strike process if, at two consecutive Annual General Meetings, at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the report, at the second of these Annual General Meetings, there must be put to the vote a resolution that another meeting be held within 90 days at which all Directors (except the Managing Director) who were Directors when the 25% 'no' vote was passed must stand for re-election.

"KMP" are people having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and include Directors.

"Closely related parties" includes certain family members and dependents of KMP and companies they control.

Directors' Recommendation

Noting that each Director has a personal interest in their own remuneration the subject of this resolution, the Board does not consider it appropriate to make a recommendation to shareholders in relation to voting on this resolution.

RESOLUTION 2: RE-ELECTION OF DIRECTOR (Mr Richard Robinson)

Directors' Recommendation

The Board (other than Mr Robinson) recommends the re-election of Mr Robinson.

RESOLUTION 3: RE-ELECTION OF DIRECTOR (Mr David Vance)

Directors' Recommendation

The Board (other than Mr Vance) recommends the re-election of Mr Vance.

RESOLUTION 4: APPROVAL OF 10% PLACEMENT FACILITY

3.1 General

Listing Rule 7.1A permits an "eligible entity" which has obtained shareholder approval by special resolution passed at an annual general meeting to issue "equity securities" (as defined in the Listing Rules and which includes shares and options to acquire shares) up to 10% of its issued share capital through placements over a maximum 12-month period after the relevant annual general meeting (the **10% Placement Facility**).

The issue of equity securities under the 10% Placement Facility would be in addition to the Company's ability to issue equity securities without Shareholder approval under Listing Rule 7.1. Broadly, Listing Rule 7.1 permits the Company to issue up to 15% of its issued equity capital without Shareholder approval over a 12-month period.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that, as at the date of the relevant special resolution under that Rule, is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. If the special resolution were voted on at the date of the Notice, the Company would satisfy the eligible entity requirements, and the Directors believe that the Company would continue to satisfy those requirements on the date of the Annual General Meeting.

Whilst the Company has no current intention to raise capital via this 10% Placement Facility, the directors are of the opinion that it is prudent to have such a facility in place to provide flexibility on capital raising alternatives should they be required in the coming 12 months. The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility.

The effect of Resolution 3 will be to allow the Directors to issue equity securities under Listing Rule 7.1A during a maximum period of 12 months after the Annual General Meeting without Shareholder approval and in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

3.2 Description of Listing Rule 7.1A

Listing Rule 7.1A came into effect on 1 August 2012.

(a) Shareholder approval

The ability to issue equity securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has on issue two classes of equity securities, being ordinary shares and options to subscribe for ordinary shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during a period of up to 12 months after the date of the annual general meeting (see paragraph (f) below – "10% Placement Period"), a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or date of agreement to issue:

- (A) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- (C) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under Listing Rule 7.1 or 7.4;
- (D) less the number of fully paid ordinary shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rules 7.1 and 7.1A

The ability of an entity to issue equity securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has the capacity to issue:

- (i) 46,034,838 equity securities under Listing Rule 7.1; and
- (ii) 30,689,892 equity securities under Listing Rule 7.1A.

The actual number of equity securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 3.2(c)).

3.3 Information required by Listing Rule 7.3A

Listing Rule 7.3A sets out a number of matters which must be included in a notice of meeting seeking an approval under Listing Rule 7.1A. The following information is provided for that purpose.

(a) Minimum Price

The issue price of equity securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP (volume weighted average market price) of equity securities in the same class calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

(b) Risk of dilution

Any issue of equity securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any shares under the issue.

There is a risk that:

- (i) the market price for the relevant equity securities may be significantly lower on the issue date than on the date of approval under rule 7.1A; and
- (ii) the equity securities may be issued at a price that is at a discount to the market price for the relevant equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

The table below shows the potential dilution of existing Shareholders on the basis of an issue price of \$0.10 (being the closing market price of the Company's shares as at 20 April 2017) and the current value for the variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice

The table also shows:

- (i) two examples where variable "A" has increased, namely by 50% and by 100%. Variable "A" could increase as a result of issues of shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued

under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the assumed issue price of \$0.07 has changed: one, where it has decreased by 50% and two, where it has increased by 100%.

| | | 50% decrease in Issue Price \$0.05 | Issue Price \$0.10 | 100% increase in Issue Price \$0.20 |
|---|---------------------------------|---|-------------------------------|--|
| Current Variable "A" 306,898,921 | 10 % voting dilution | 30,689,892 shares | 30,689,892 shares | 30,689,892 shares |
| | Funds raised | \$1,534,495 | \$3,068,989 | \$6,137,978 |
| 50% increase in current Variable "A" 460,348,382 | 10 % voting dilution | 46,034,838 shares | 46,034,838 shares | 46,034,838 shares |
| | Funds raised | \$2,301,742 | \$4,603,484 | \$9,206,968 |
| 100% increase in current Variable "A" 613,797,842 | 10 % voting dilution | 61,379,784 shares | 61,379,784 shares | 61,379,784 shares |
| | Funds raised | \$3,068,989 | \$6,137,978 | \$12,275,957 |

The table has been prepared on the following assumptions:

- (i) The Issue Price is \$0.10, being the closing price of the Company's shares on ASX on 20 April 2017.
- (ii) The Company issues the maximum number of equity securities available under the 10% Placement Facility.
- (iii) No options are exercised into shares before the date of the issue of the equity securities.
- (iv) The 10% dilution reflects the aggregate percentage voting dilution against the issued share capital at the time of issue. This is why the dilution is shown in each example as 10%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vi) The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vii) The issue of equity securities under the 10% Placement Facility consists only of Shares. If the issue of equity securities includes options, it is assumed that those options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

(c) Issue Dates

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **10% Placement Period**).

The Company will only issue and allot the equity securities under the 10% Placement Facility during the 10% Placement Period.

(d) Purpose of Issues

The Company may seek to issue equity securities under the 10% Placement Facility for the following purposes:

- (i) as non-cash consideration for the acquisition of new resources, assets and investments (including expenses associated with such acquisitions). In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) for cash consideration in which case the Company intends to use the funds raised for exploration activities at its existing projects and/or for acquisition of new assets or investments (including expense associated with such acquisitions) and general working capital.

The Company will comply with the disclosure obligations under the Listing Rules (e.g. Rule 7.1A .4 and 3.10.5A) upon issue of any equity securities under the 10% Placement Facility.

(e) Allocation policy

The Company's allocation policy for the issue of equity securities under the 10% Placement Facility is dependent on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of the equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the purpose of the issue;
- (ii) alternative methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
- (iii) the effect of the issue of the equity securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees of any equity securities that may be issued under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new shareholders who are not related parties or associates of a related

party of the Company. Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources, assets or investments.

(f) Previous Approvals under Listing Rule 7.1A

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's AGM held 16 December 2016. This resolution is to refresh this Placement Facility.

The Company has not issued any equity securities during the preceding 12 months of the date of this Notice.

(g) Voting Exclusion Statement

A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not approached nor intends to approach any particular existing Shareholder or security holder or an identifiable class of existing security holders to participate in the issue of any equity securities, and the Company has not formed an intention in relation to how it will decide which parties it might approach to participate in any issue of equity securities that might be made under the 10% Placement Facility. Assuming that remains the case at the time of the Annual General Meeting (which the Directors currently believe will be the case), no Shareholder's votes will be excluded under the voting exclusion in the Notice.

3.4 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

RESOLUTIONS 5 TO 8: APPROVAL OF ISSUE OF SHARES TO DIRECTORS

Resolutions 5 to 8 seek Shareholder approval in accordance with Listing Rule 10.11 for the issue of shares to Directors as set out below.

Each of the Non –Executive Directors Services Agreements contains a provision outlining that a component of their Directors fees is payable, subject to shareholder approval, in equity of the Company.

The shares for which approval is being sought pursuant to Resolutions 5 to 8, represent that component of the respective Directors Fees being payable in equity from the date of their respective appointment dates through to 31st May 2017. These shares include the shares which were approved at the 16 December 2016 Annual General Meeting but which were not issued within one month of that meeting. In order for these shares to be issued, listing rule 10.11 requires that approval for their issue be sought again.

Resolution 5 to 8 are ordinary resolutions. Pursuant to Listing Rule 10.11, a "related party" of a listed company is precluded from participating in any issue of securities in a company without the prior approval of shareholders. Shareholder approval is required under ASX Listing Rule 10.11 because Mr Barry Tan, Dr Ila Temu, Mr Richard Robinson and Mr David Vance are considered related parties of the Company.

Listing Rule 10.13 contains certain requirements as to the contents of a notice of Annual General Meeting sent to Shareholders for the purposes of Listing Rule 10.11 and the following information is included in this Explanatory Memorandum for that purpose.

a) The Shares are proposed to be issued to Mr Barry Tan, Dr Ila Temu, Mr Richard Robinson and Mr David Vance who are Directors of the company.

b) The maximum number of shares to be issued is:

| NAME | NUMBER OF SHARES | DEEMED ISSUE PRICE |
|---------------------|------------------|--------------------|
| Mr Barry Tan | 215,525 | \$0.375 |
| Dr Ila Temu | 215,525 | \$0.375 |
| Mr Richard Robinson | 231,674 | \$0.41 |
| Mr David Vance | 146,693 | \$0.35 |

c) The Shares will be issued to each Director (or its nominees) within one (1) month of the date of the meeting.

d) The Shares, once issued, will rank equally with the existing shares on issue:

e) A voting exclusion statement is included in the notice of Annual General Meeting.

f) There will be nil funds raised from the issue of these shares.

Directors' Recommendation

Noting that each Director has a personal interest in their own remuneration the subject of this resolution, the Board does not consider it appropriate to make a recommendation to shareholders in relation to voting on this resolution.

Further information on the Company is available at: <http://www.kinapetroleum.com>

For inquiries please contact:

Richard Schroder, Managing Director

Telephone: +61 2 8247 2500

Email: richard.schroder@kinapetroleum.com

GLOSSARY

ASX means ASX Limited.

\$ means Australian Dollars.

Board means the board of directors of the Company.

Company or **Kina** means Kina Petroleum Limited (Company Number: 1-63551, ARBN: 151 201 704).

Companies Act means the *Companies Act 1997* (PNG).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the current directors of the Company.

Equity Securities has the same meaning as in the Listing Rules

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Annual General Meeting means the meeting convened by the Notice.

Listing Rule means a Listing Rule of ASX and of POMSoX.

Notice means the Notice of Meeting accompanying this Explanatory Memorandum.

POMSoX means the stock exchange of Papua New Guinea.

Proxy Form means the proxy form for the Annual General Meeting accompanying the Notice.

Share means a fully paid ordinary share in the capital of the Company.

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Kina Petroleum Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Kina Petroleum Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual Meeting of the Company to be held at **11:00am (PNG time) on Wednesday, 24 May 2017 at Laguna Hotel, Banquet 1, Section 136 Allotment 8, Waigani Drive, National Capital District, Port Moresby, Papua New Guinea (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

| | For | Against | Abstain* | | For | Against | Abstain* |
|---|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|
| 1 Adoption of Directors' Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 5 Issue of Shares to Mr Barry Tan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Re Election of Director - Mr Richard Robinson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 6 Issue of Shares to Dr Ila Temu | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Re Election of Director - Mr David Vance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 7 Issue of Shares to Mr Richard Robinson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Approval of 10% Placement Facility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8 Issue of Shares to Mr David Vance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

KPL PRX1701C

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (PNG time) on Monday, 22 May 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Kina Petroleum Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**