



ASX ANNOUNCEMENT (ASX: KPL) 1 March 2019

Scheme of Arrangement - Update

Kina Petroleum Limited ("Kina" or "the Company") is pleased to provide an update in relation to the scheme of arrangement ("the Scheme") announced on 15 February 2019.

The scheme booklet, including notice of meeting and proxy form, is being dispatched to shareholders today. The booklet, notice of meeting, proxy form and all other associated documentation is attached to this announcement.

As mentioned in Kina's announcement to the ASX on 20 February 2019, the meeting of shareholders to consider the scheme will be held at 11:00am (PNG time) on 21 March 2019 in Port Moresby at the Laguna Hotel, Waigani Drive, Port Moresby, PNG.

For inquiries please contact:
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Email: richard.schroder@kinapetroleum.com

SCHEME BOOKLET
**IN RELATION TO A PROPOSAL TO RE-DOMICILE KINA
PETROLEUM LIMITED TO THE BRITISH VIRGIN ISLANDS**

20 February 2019

Scheme Booklet for a recommended scheme of arrangement between Kina Petroleum Limited and the holders of ordinary shares in Kina Petroleum Limited in relation to the proposed re-domicile of Kina Petroleum Limited.

Scheme Meeting to be held on Thursday, 21 March 2019

**Your directors unanimously recommend that
you vote in favour of the Scheme.**

The Independent Expert has concluded that the Scheme is in the best interests of
Shareholders.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

**This document should be read in its entirety. If you are in any doubt as to how to deal with it,
you should consult your legal, investment, taxation or other professional advisor without delay.**

Important Notices/Disclaimers

General

Shareholders are encouraged to read this Scheme Booklet in its entirety before making a decision as to how to vote on the resolution to be considered at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, financial, tax or other professional adviser.

Date of Scheme Booklet

This Scheme Booklet is dated 20 February 2019.

Purpose of Scheme Booklet

The purpose of this Scheme Booklet is to provide Shareholders with an explanation of the terms of the Scheme and the proposed manner in which the Scheme will be implemented (if approved), together with other information as prescribed or otherwise material to the decision of Shareholders whether or not to approve the Scheme. Shareholders will be asked to consider a resolution approving the Scheme at the Scheme Meeting.

This Booklet includes all information required to be sent to Shareholders pursuant to an order of the Court under section 250(2)(a) of the PNG Companies Act.

If you have sold or otherwise transferred all of your KPL Shares, please forward this document, together with the accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Role of the Court

The Court has ordered the convening of the Scheme Meeting pursuant to section 250(2) of the PNG Companies Act. The convening of the Scheme Meeting by the Court does not constitute endorsement by the Court of the Scheme, or any expression of opinion by the Court on the Scheme.

If Shareholders approve the Scheme at the Scheme Meeting, the Court will be asked to approve the Scheme at the Second Court Hearing. The Second Court Date is currently scheduled for Tuesday, 2 April 2019 but this will not be confirmed until the date of the Scheme Meeting is set. Any changes to this date will be announced through ASX and POMSoX.

Regulatory information

A copy of this Scheme Booklet has been provided to the PNG Registrar of Companies, the PNG Securities Commission, ASX, ASIC and POMSoX. None of the PNG Registrar of Companies, the PNG Securities Commission, ASX, ASIC or POMSoX, nor any of their officers, assumes any responsibility for the contents of this Scheme Booklet.

This Scheme Booklet is prepared in accordance with Australian and PNG disclosure requirements and International Financial Reporting Standards. These requirements and standards may differ from those in other countries.

As Kina BVI is not established in Australia, its general corporate activities (apart from any offering of securities in Australia, subject to any relief granted by ASIC) are not regulated by the Corporations Act 2001 of the Commonwealth of Australia or by ASIC but instead are regulated by the BVI Business Companies Act 2004 and the BVI Financial Services Commission.

No offer where unlawful

This Scheme Booklet does not constitute an offer to sell, or an offer to buy, any securities in KPL or Kina BVI in any jurisdiction in which, or to any person to whom, such an offer would be illegal.

Ineligible KPL Shareholders

This Scheme Booklet has been prepared having regard to disclosure requirements in Australia and PNG. These requirements may be different from those in other jurisdictions. Restrictions in jurisdictions outside Australia, PNG, Hong Kong, Singapore, the UK, New Zealand and the US may make it impractical, unreasonably onerous or unlawful for Kina BVI Shares to be issued under a scheme to, or be received under a scheme by, Shareholders in those jurisdictions. Shareholders outside Australia, PNG, Hong Kong, Singapore, the UK, New Zealand and the US should refer to Section 10.12 for more information.

Notice to KPL Shareholders resident in New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of KPL with registered addresses in New Zealand to whom the offer is being made in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Scheme Booklet has not been registered, filed or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). This Scheme Booklet is not a disclosure document under New Zealand law and is not required to, and may not, contain all the information that a disclosure document under New Zealand law is required to contain.

Notice to KPL Shareholders resident in Hong Kong

WARNING

The contents of this document have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This Scheme Booklet has not been and will not be registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32 of the Laws of Hong Kong). No shares of KPL or Kina BVI (as applicable) may be offered to the public in Hong Kong, unless the offer falls within one of the exemptions specified in Part 1 of the Seventeenth Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32 of the Laws of Hong Kong).

This Scheme Booklet is provided to you on a confidential basis and solely for your information, and is not to be copied, distributed, published or circulated, or otherwise disclosed, directly or indirectly, to any other person. This Scheme Booklet is not an offer to sell securities or a solicitation of offers to buy securities in Hong Kong.

This Scheme Booklet is not an offer to the Hong Kong public and it should not be passed to any person other than to the intended recipient.

Notice to KPL Shareholders resident in Singapore

This Scheme Booklet and any other document or material in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of the Kina BVI Shares have not been and will not be registered as a prospectus with the Monetary Authority of Singapore (**MAS**).

This Scheme Booklet and any other document or material in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of Kina BVI Shares may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), including the exemption under section 273(1)(c) of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to Kina BVI Shares being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly. Neither this Scheme Booklet nor any copy of it may be taken or transmitted into any country where the distribution or dissemination is prohibited. This Scheme Booklet is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person.

If you are in any doubt in relation to this Scheme Booklet or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Nothing in this Scheme Booklet constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

The Company is not in the business of dealing in capital markets products (as defined in the SFA) and does not hold itself out or purport to hold itself out to be doing so and is neither licensed nor exempted from dealing in capital markets products (as defined in the SFA) or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

Where applicable, in connection with section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer hereby notifies all relevant persons (as defined in section 309A(1) of the SFA), that the Kina BVI Shares, are "prescribed capital markets products" (as defined in the CMP Regulations 2018).

The Company has no intention to list Kina BVI Shares on any approved exchange (as defined in section 2 of the SFA).

Notice to Shareholders resident in the US

The solicitation of proxies made pursuant to this Scheme Booklet is not subject to the requirements of section 14(a) of the United States Securities Exchange Act of 1934 (**Exchange Act**). Accordingly, this Scheme Booklet has been prepared in accordance with disclosure requirements applicable in Australia and PNG. KPL Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the US Securities Act of 1933 (the "Securities Act") and to proxy statements under the Exchange Act.

The financial information relating to KPL included in this Scheme Booklet has been prepared in accordance with IFRS and is subject to International auditing and auditor independence standards and thus may not be comparable to financial statements of United States companies.

It may be difficult for you to enforce your rights and any claims you may have arising under US federal securities laws against KPL or Kina BVI, since KPL and Kina BVI are organised in PNG and the BVI, respectively, their assets are located in PNG, and most of their officers and directors are residents of countries other than the US. You may not be able to sue KPL or its officers or directors in PNG or the BVI for violations of the US securities laws. It may be difficult to compel KPL, Kina BVI and their affiliates to subject themselves to a US court's judgment.

KPL Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Scheme in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

Exemption from Registration under the U.S. Securities Act

THIS SCHEME BOOKLET HAS NOT BEEN PREPARED IN ACCORDANCE WITH UNITED STATES SECURITIES LAWS AND REGULATIONS AND NONE OF THE SEC, ANY US STATE SECURITIES COMMISSION OR ANY OTHER US REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE TRANSACTION IN CONNECTION WITH THE SCHEME NOR HAVE ANY OF THEM PASSED UPON OR ENDORSED THE MERITS OF THE SCHEME OR THE ACCURACY, ADEQUACY OR COMPLETENESS OF THIS SCHEME BOOKLET. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Kina BVI Shares to be issued under the Scheme have not been, and will not be as part of the Scheme, registered under the Securities Act or applicable state securities laws, and they may not be offered or sold in the US or to US Persons unless the Kina BVI Shares are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Scheme is not being undertaken in any US state or other jurisdiction where it is not legally permitted to do so.

KPL and Kina BVI intend to rely on an exemption from the registration requirements of the Securities Act provided by section 3(a)(10) thereof in connection with the consummation of the Scheme and the issuance of the Kina BVI Shares. Approval of the Scheme by the Court will be relied upon by KPL and Kina BVI for purposes of qualifying for the section 3(a)(10) exemption.

No investment advice

This Scheme Booklet (other than the Independent Expert's Report) does not constitute financial product advice, and should not be relied upon as the basis for any investment decision in relation to the Scheme. It is important that Shareholders read this Scheme Booklet in its entirety before making any decision, including a decision on whether or not to vote in favour of the Scheme.

This Scheme Booklet is intended for all Shareholders collectively and does not take into account your individual investment objectives, financial situation, tax position and needs. The information in this document should not be relied upon as the basis for any investment decision in relation to your KPL Shares.

Before making any investment decision in relation to the Scheme, you should consider, with or without the assistance of a professional adviser, whether that decision is appropriate in light of your particular investment needs, objectives and circumstances. If you are in any doubt as to what you should do, you should seek independent financial and tax advice before making any investment decision in relation to the Scheme or your KPL Shares.

Responsibility statement

- (a) The information contained in this Booklet has been prepared by KPL and is the sole responsibility of KPL; and
- (b) the Independent Expert's Report contained in Annexure A has been prepared by BDO and is the sole responsibility of BDO.

Neither KPL nor any of its Directors, officers or advisers (other than the advisers on the basis referred to above) assumes any responsibility for the accuracy or completeness of any of the information in the Independent Expert's Report referred to above.

The Directors confirm that they have not obtained any other reports from independent experts for the purpose of the Scheme other than the Independent Expert's Report.

Forward looking statements

Certain statements in this Scheme Booklet relate to the future. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Such forward looking statements involve a number of risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of KPL, Kina BVI or the KPL Group to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements or that could cause the future conduct to be materially different from historical conduct. Deviations as to future conduct, market conditions, results, performance and achievements are both normal and to be expected.

Forward-looking statements generally may be identified by the use of forward-looking words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'foresee', 'future', 'intend', 'likely', 'may', 'planned', 'potential', 'should' or other similar words.

Other than as required by law, neither KPL nor Kina BVI or their respective directors, officers and advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur. You are cautioned against relying on any such forward looking statements.

The historical financial performance of KPL is no assurance or indicator of future financial performance of the KPL Group. Neither KPL nor Kina BVI guarantees any particular rate of return or the performance of the KPL Group, nor does either of them guarantee the repayment of capital or any particular tax treatment in respect of any investment in the KPL Group. The forward looking statements in this Scheme Booklet reflect views held only as at the date of this Scheme Booklet. Additionally, statements of the intentions of KPL and Kina BVI reflect their present intentions as at the date of this Scheme Booklet and may be subject to change.

Subject to the PNG Companies Act, the ASX Listing Rules and the POMSoX Listing Rules and any other applicable law, KPL and Kina BVI disclaim any duty to update any forward looking statements other than with respect to information that they become aware of prior to the Scheme Meeting that is material to making a decision whether or not to vote in favour of the Scheme.

Privacy and personal information

KPL, Kina BVI and the Share Registry may collect, use and disclose personal information in the process of conducting the Scheme Meeting and implementing the Scheme. The personal information may include the names, contact details and details of the holdings of Shareholders, together with contact details of individuals appointed by Shareholders as proxies, attorneys or body corporate representatives at the Scheme Meeting. The primary purpose of the collection of personal information

is to assist KPL to conduct the Scheme Meeting and to assist KPL and Kina BVI to implement the Scheme.

Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them, and may contact KPL by email at info@kinapetroleum.com if they wish to exercise those rights. The personal information collected may be disclosed to KPL, Kina BVI and any member of the KPL Group, print and mail service providers, advisers, brokers, share registries and any other service provider to the extent necessary to effect the Scheme.

If the personal information outlined above is not collected from Shareholders, KPL may be hindered in, or prevented from, conducting a Scheme Meeting or implementing the Scheme effectively, or at all.

Shareholders who appoint an individual as their proxy, attorney or body corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

You should also note that all shareholders are (and any person that a shareholder authorises is) entitled, under sections 216 and 218 of the PNG Companies Act, to inspect and copy the Share Register. This register contains personal information about KPL's Shareholders.

Defined terms and interpretations

Capitalised terms used in this Scheme Booklet are defined in the Definitions and Interpretation in Section 13. The Definitions and Interpretation also set out some rules of interpretation that apply to this Scheme Booklet. The documents reproduced in some of the Annexures in this Scheme Booklet may also have their own defined terms, which are sometimes different from those set out in the Definitions and Interpretation.

References to time

Unless otherwise stated in this Scheme Booklet, a reference to time or a calendar date in this Scheme Booklet is a reference to the local time or calendar date in Port Moresby, PNG. The dates and times set out in the timetable in Section 3 are indicative only and are subject to change. Any changes to the timetable will be announced through ASX and POMSoX.

Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

Currency

Unless otherwise stated in this Scheme Booklet, all references in this Scheme Booklet to:

- (a) "A\$", "AUD" and "Australian dollars" are to Australian currency; and
- (b) "US\$", "USD" and "US dollars" are to US currency.

Date at which information is stated

Unless otherwise stated in this Scheme Booklet, the information contained in this Scheme Booklet is stated as at 20 February 2019. Unless otherwise stated in this Scheme Booklet, all data contained in

charts, graphs and tables in this Scheme Booklet is based on information available as at the date of this Scheme Booklet.

Questions

If you have any questions about your KPL Shares or any other matter in this Scheme Booklet, please call KPL's information lines set out below and consult your legal, financial, tax or other adviser without delay.

KPL may be contacted directly by phone on +61 2 8247 2500 or via email to info@kinapetroleum.com.

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1. LETTER FROM THE CHAIRMAN OF KINA PETROLEUM LIMITED

Kina Petroleum Limited
Level 10, MRDC Haus
Cnr of Champion Pde and Musgrave St
Port Moresby, NCD
Papua New Guinea

20 February 2019

Dear Shareholders

On 15 February 2019, Kina Petroleum Limited (**KPL**) announced a proposal to change its "domicile" (the jurisdiction in which it is incorporated) from Papua New Guinea (**PNG**) to the British Virgin Islands (**BVI**). The change will be effected under a scheme of arrangement supervised by the National Court of Justice of PNG (**Court**) and subject to the approval of KPL's shareholders (**Scheme**).

The Scheme involves the establishment of a new corporate structure for KPL by order of the Court, under which Kina Petroleum Corporation (a new company limited by shares incorporated in BVI) (**Kina BVI**) will acquire all of the KPL Shares from current KPL shareholders and issue Kina BVI shares to those shareholders in exchange. The Scheme can only be Implemented if approved by Shareholders at the Scheme Meeting and then approved by the Court. The Scheme Meeting of Shareholders is to be held at 11.00 a.m. at the Laguna Hotel, Waigani Drive, Port Moresby, PNG on Thursday, 21 March 2019.

Under the Scheme, all KPL Shares will be transferred to Kina BVI and KPL Shareholders will receive one Kina BVI Share (issued by Kina BVI) in exchange for every 30 KPL Shares held as at the Record Date. Applications will be made to ASX and to POMSoX for Kina BVI Shares to be admitted to ASX and POMSoX respectively, for trading. KPL will remain in existence and Kina BVI will be the sole shareholder of KPL.

The Independent Expert has concluded that the Scheme is in the best interests of Shareholders. The Independent Expert's Report is included in Annexure A to this Scheme Booklet.

The Board has determined that the Scheme is in the best interest of Shareholders and unanimously recommends that Shareholders vote in favour of the Scheme. The Board believes re-domiciling the KPL Group to BVI will best support the long-term growth potential of the KPL Group as it is expected to create a corporate structure that is more aligned with the needs of the international Shareholder base of KPL.

The rationale for the Scheme is compelling and includes the following:

- KPL has reviewed its current and anticipated equity funding needs to support further exploration and eventual development and production of its assets in PNG. The Board believes that the most effective and efficient way to access the necessary capital is via a public listing in one of the North American equity markets. The Board further believes this will offer substantially greater breadth and depth of potential investment capital than would be available to the company on the POMSoX or ASX, and also offer an investor base that is potentially more attracted to the type of risk profile that the Company presents.

- The Board further believes that in order to effectively access North American equity markets, KPL should change its domicile of organisation. Entities domiciled in the British Virgin Islands, as opposed to PNG, are more prevalent on international stock exchanges and particularly stock exchanges in North America. The familiarity of these markets with the British Virgin Islands as a jurisdiction of incorporation is expected to help improve Kina BVI's ability to attract investors.
- Among other things, the BVI Business Companies Act places fewer restrictions on investors disposing of or acquiring shareholdings than is provided for under PNG law. This is based on the assumption that the old takeovers code in PNG will still apply, or that a new takeovers code will be adopted in PNG in due course. The Board believes this flexibility will facilitate a more liquid market for Kina BVI Shares than PNG law currently permits for KPL Shares.
- The Board is of the view that greater liquidity in the market for Kina BVI Shares will materially benefit all Shareholders by allowing for an increase in the potential number of buyers and sellers through Shareholders having more flexibility to increase or decrease their equity positions.
- These features of the Scheme are integral to creating the flexibility and global investment appeal needed to finance the Company's development and exploration plans for the above reasons. The Scheme is viewed as a precursor to a listing on a North American exchange which the Company intends to review for action in the near future;
- The 30:1 ratio at which Kina BVI Shares will be exchanged for KPL Shares under the Scheme has the potential to increase share pricing above US\$1.00, which we believe will assist in increasing interest within the potential pool of North American investors.
- The Board considers that the outlook for PNG's E&P industry is conducive to undertaking the Scheme at this time.

As noted above, KPL intends the Scheme to be a precursor to a potential listing of Kina BVI's Shares on a leading North American stock exchange, such as NASDAQ or NYSE MKT, among others under consideration by the Company. Such a listing would be considered if and when the Kina BVI Board determines that such a listing is in the best interests of Kina BVI in light of conditions at the time. The following factors would be taken into consideration to determine whether a listing is suitable for Kina BVI:

- outlook for oil and gas prices;
- sentiment of equity capital markets in the USA;
- appetite of the types of investors we currently believe would invest;
- both globally and in PNG, the status of oil and LNG projects, the buoyancy of the E&P industry and the level of corporate activity in the sector; and
- requirement for capital.

Kina BVI will be able to obtain such a listing if it also satisfies the listing standards and an approval for listing by the relevant exchange.

Following the Scheme, the directors, executive officers, assets and operations of Kina BVI will remain the same as for KPL and Shareholders will have the same proportionate investment in

KPL through Kina BVI Shares. Existing KPL Shareholders in Eligible Jurisdictions will receive one share in Kina BVI in exchange for every 30 KPL Shares held by them in KPL under the Scheme. Those few existing KPL Shareholders in Ineligible Jurisdictions will not receive Kina BVI Shares for their KPL Shares but instead, a cash payment from sale of their Kina BVI Shares they would otherwise be entitled to. Therefore, as a result of the Scheme, other than the fact that the shares will be held in a BVI registered company rather than a PNG registered company, Shareholders will have the same proportionate investment in, and exposure to, the underlying business and assets of KPL through the Kina BVI Shares.

The Scheme requires approval by Shareholders and the Court. For further information regarding the potential advantages, disadvantages and risks of the Scheme, please refer to Sections 6.4 to 6.5 of the Scheme Booklet.

Details of the Scheme are set out in this Scheme Booklet. Please read this document carefully as the information it contains is important. If the Scheme is approved by Shareholders at the Scheme Meeting then, subject to various conditions being satisfied, including Court approval, the Scheme will be binding on all Shareholders.

If you are unable to attend the Scheme Meeting, you are encouraged to vote by completing the proxy forms enclosed with this Scheme Booklet and returning it to KPL's Share Registry and as soon as possible by mail in the reply paid envelope provided, or by fax on the numbers provided below and in any event not later than 11.00 a.m. on Tuesday, 19 March 2019.

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

Fax: +61 2 9287 0309

PNG: Kina Petroleum Limited, C/- PNG Registries Limited, PO Box 1265, Port Moresby, NCD, Papua New Guinea

Fax: +675 321 6379

If you have any questions in relation to your KPL Shares or any other matter in this Scheme Booklet, please call KPL's information lines on + 61 2 8247 2500.

If you are in any doubt as to the action you should take in relation to the Scheme, the Scheme Meeting, you should consult your legal, financial, tax or other professional adviser without delay.

The Board strongly believes that it is in the best interests of Shareholders to vote in favour of the Scheme, and intend to vote their KPL Shares in favour of the Scheme. I ask that you carefully consider the Board's proposal, as described in detail in this Scheme Booklet, and vote to support the next phase of our Company's strategy for success.

Yours sincerely



David Z. Vance
Non-Executive Chairman
Kina Petroleum Limited

2. REASONS FOR VOTING FOR AND AGAINST THE SCHEME

This Section provides a summary of the "Advantages and Disadvantages of the Scheme" set out in detail in Section 6.

2.1 Reasons to vote in favour of the Scheme

- (a) The Directors unanimously recommend that you vote in favour of the Scheme.
- (b) The Scheme is consistent with KPL's growth intentions (including its offshore shareholder base) and future equity capital requirements.
- (c) The current industry environment in PNG, notably the announcement of new LNG projects and corporate activity amongst industry participants in the areas where KPL operates, is considered conducive to undertaking the Scheme at this time so as to capitalise on positive investor sentiment.
- (d) The BVI is more widely accepted by offshore investors, especially amongst oil and gas investors in North America, as a jurisdiction for companies in which they will invest, whereas PNG is comparatively unknown.
- (e) Among other things, the BVI Business Companies Act will help promote greater liquidity for Kina BVI Shares than PNG law currently permits for KPL Shares, in that there are fewer restrictions under the BVI Business Companies Act on shareholdings than under PNG law.
- (f) The Scheme is the first step in a process that Kina BVI intends to consider to potentially list its securities on a leading North American stock exchange, such as NASDAQ or NYSE MKT, among others under consideration by the Company. Such a listing would be considered if and when the Kina BVI Board determines that such a listing is in the best interests of Kina BVI in light of conditions at the time. The following factors would be taken into consideration to determine whether a listing is suitable for Kina BVI:
 - (i) outlook for oil and gas prices;
 - (ii) sentiment of equity capital markets in the USA;
 - (iii) appetite of the types of investors we currently believe would invest;
 - (iv) both globally and in PNG, the status of oil and LNG projects, the buoyancy of the E&P industry and the level of corporate activity in the sector; and
 - (v) requirement for capital.

Reasons why you may decide to vote in favour of the Scheme are set out more fully in Section 6.4.

2.2 Reasons not to vote in favour of the Scheme

- (a) Implementation costs and administrative burden to implement the Scheme and potential for increased, albeit non-material in comparison with current operations, ongoing administrative and compliance costs.

- (b) Ineligible foreign shareholders will not be able to receive Kina BVI Shares.
- (c) Certain shareholder protections which exist under Australian and PNG laws are different or do not exist under BVI laws.
- (d) The tax consequences to you of Implementation may not suit your particular financial circumstances.

Reasons why you may decide not to vote in favour of the Scheme are set out more fully in Section 6.5.

3. TIMETABLE AND KEY DATES

Announcement of the Scheme	Friday, 15 February 2019
Date of the Scheme Booklet	Wednesday, 20 February 2019
Date for determining who must be provided with notice of the Scheme Meeting and the Voting Instruction Form (Notice Record Date)	7.00pm, Tuesday, 26 February 2019
Latest time and date for determining eligibility to vote at the Scheme Meeting	7.00pm Tuesday 19 March 2019
Latest time and date for lodgement of completed proxy forms for the Scheme Meeting	11.00am Tuesday 19 March 2019
Scheme Meeting	Thursday, 21 March 2019

If the Scheme is agreed to by the Requisite Majority of Shareholders, the expected timetable is:

Second Court Hearing for approval of the Scheme	Tuesday, 2 April 2019
Notify ASX and POMSoX	Tuesday, 2 April 2019
Effective Date of the Scheme	Thursday 4 April 2019
Last day of trading of the KPL Shares on ASX and POMSoX	Thursday 4 April 2019
Listing of Kina BVI Shares and trading in Kina BVI Shares commences on ASX and POMSoX on a deferred settlement basis	Friday, 5 April 2019
Record Date for determining entitlements to Scheme Consideration	Monday, 8 April 2019
Implementation Date – date of dispatch of Scheme Consideration	Monday, 15 April 2019
Delisting of KPL on ASX and POMSoX	Tuesday, 16 April 2019
Last date of deferred settlement trading in Kina BVI Shares	Tuesday, 16 April 2019
Dispatch of holding statements for Kina BVI Shares	Tuesday, 16 April 2019

All dates and times above are Papua New Guinea Standard Time and are indicative only. The actual timetable will depend on many factors outside the control of KPL, including the Court approval process. Any changes to the above timetable will be announced through ASX and POMSoX.

4. ACTIONS FOR SHAREHOLDERS

4.1 Carefully read this Scheme Booklet

You should read this Scheme Booklet in full before making any decision on how to vote on the Scheme Resolution.

There are answers to questions you may have about the Scheme in Section 5.

If you have any additional questions in relation to this Scheme Booklet or the Scheme, please call the Shareholder Information Line on + 61 2 8247 2500 between the hours of 8:30am and 5:30pm, Monday to Friday.

If you are in any doubt as to what you should do, you should seek independent legal, financial, taxation or other professional advice before voting on the Scheme.

4.2 Entitlement to vote

The time and date for determining eligibility to vote at the Scheme Meeting will be 7.00pm Tuesday, 19 March 2019. Only Shareholders whose names appear in the Share Register at this time will be entitled to vote at the Scheme Meeting, and at any postponements or adjournments of that meeting.

Each Share is entitled to one vote on each proposal and any other matter properly coming before the Scheme Meeting.

The following Sections 4.3 to 4.9 detail the voting entitlements and procedures applicable to Shareholders under the PNG Companies Act and KPL's constitution.

4.3 Procedure for voting

All votes at the Scheme Meeting will be taken by poll.

Shareholders may vote at the Scheme Meeting in person or by proxy, attorney or (in the case of corporate shareholders) a body corporate representative.

The Notice of Scheme Meeting, which contains additional information in relation to the Scheme Meeting, is set out in **Annexure E**.

4.4 Shareholder approvals

The Scheme Resolution must be approved at a meeting of the holders of KPL Shares by at least 75% of the votes cast by Shareholders entitled to vote and voting on the resolution either in person or by proxy, attorney or (in the case of corporate shareholders) a body corporate representative.

The Scheme must also be approved by the Court, which is scheduled to consider the Scheme at a hearing on Tuesday, 2 April 2019.

If you are a Shareholder and the Scheme becomes Effective, your KPL Shares will be transferred by order of the Court under the Scheme to Kina BVI and KPL will become a wholly owned subsidiary of Kina BVI and you will receive the Scheme Consideration. This will occur whether you voted for or against the Scheme, or chose not to vote.

4.5 Voting in person

To vote in person at the Scheme Meeting, Shareholders must attend the Scheme Meeting scheduled to be held at 11.00 a.m. on Thursday, 21 March 2019 at the Laguna Hotel, Waigani Drive, Port Moresby, PNG.

A Shareholder attending the Scheme Meeting in person where the Shareholder is entitled to attend and vote will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their name and address at the point of entry to the Scheme Meeting.

4.6 Voting by proxy

Shareholders who are unable to attend and vote at the Scheme Meeting are entitled to appoint a proxy (or where they hold two or more KPL Shares may appoint no more than two proxies). To appoint a proxy for the Scheme Meeting, Shareholders are required to complete and return the Scheme Meeting proxy form. A proxy need not be a Shareholder.

The proxy forms for the Scheme Meeting accompany this Scheme Booklet.

Each completed proxy form (including any power of attorney under which it is signed) for the Scheme Meeting must be completed and lodged in any of the following ways:

(a) Australian Share Registry for KPL

By hand delivery:

Kina Petroleum Limited, C/- Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000

By post delivery:

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

By fax:

+61 2 9287 0309

(b) PNG Share Registry for KPL

By hand delivery:

Kina Petroleum Limited, C/- PNG Registries Limited, Level 2, AON Haus, McGregor Street, Port Moresby, NCD, Papua New Guinea

By post delivery:

Kina Petroleum Limited, C/- PNG Registries Limited, PO Box 1265, Port Moresby, NCD, Papua New Guinea

By fax:

Fax: +675 321 6379

Validly completed proxy forms must be received at an address above no later than 11.00 a.m. on Tuesday, 19 March 2019. In the case of proxy forms completed by an individual or a

corporation under a power of attorney, the original or a certified copy of the power of attorney under which the proxy form is signed must also be received at an address above no later than 11.00 a.m. on Tuesday, 19 March 2019.

Proxy forms received after this time will be invalid.

A proxy will be admitted to the Scheme Meeting and given a voting card at point of entry upon disclosure of acceptable evidence of his or her name and address.

The sending of a proxy form will not preclude a Shareholder from attending and voting at the Scheme Meeting. A Shareholder may revoke his or her proxy at any time prior to the voting of that proxy by a written revocation received by the relevant Share Registry at least 48 hours before the Scheme Meeting, by properly executing and delivering a later-dated proxy or by attending the relevant meeting, requesting a return of the proxy and voting in person.

If a validly appointed proxy is directed how to vote on the resolutions, the proxy must vote in accordance with those instructions. If no direction to vote is given, the proxy may vote as he or she sees fit.

If the chairperson of the Scheme Meeting is appointed as proxy, he or she must vote on a poll and must vote as instructed. If the proxy is not the chairperson, the proxy need not vote on a poll, but, if the proxy does so, he or she must vote as instructed.

If a Shareholder appoints two proxies without specifying the proportion or number of votes that each proxy may exercise, then on a vote by poll each proxy may exercise half of that Shareholder's votes. If a Shareholder appoints two proxies, then on a vote by show of hands neither proxy may vote.

4.7 Voting by Attorney

A Shareholder may appoint an attorney to vote at the Scheme Meeting.

Original or certified copies of the powers of attorney by which a Shareholder has appointed the attorney to vote at the Scheme Meeting should be sent to the KPL Share Registry as indicated in the Proxy Form. Powers of attorney must be received by the KPL Share Registry by no later than 11.00 a.m. on Tuesday, 19 March 2019 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

An attorney will be admitted to the Scheme Meeting and given a voting card at point of entry upon disclosure of acceptable evidence of his or her name and address.

An attorney should also bring an original or certified copy of the power of attorney by which a Shareholder has appointed the attorney to vote at the Scheme Meeting.

The sending of a power of attorney will not preclude a Shareholder from attending in person and voting at the Scheme Meeting at which the Shareholder is entitled to attend and vote, but only one of the Shareholder or their attorney can both attend and vote.

4.8 Voting by Body Corporate Representative

A body corporate who is a Shareholder, or who has been appointed a proxy of a Shareholder, may appoint a person to act as its body corporate representative at the Scheme Meeting.

A body corporate Shareholder may appoint a body corporate representative to attend a meeting of Shareholders on its behalf in the same manner as that in which it could appoint a

proxy. The appointment may be in the form of schedule 2 of KPL's constitution. A pro-forma certificate of appointment of body corporate representative is available from the KPL Share Registry.

A body corporate representative will be admitted to the Scheme Meeting and given a voting card at point of entry upon disclosure of acceptable evidence of his or her appointment, name and address, and the identity of his or her appointer.

4.9 Voting entitlement

Each Shareholder who is registered on the Share Register at 7.00pm Tuesday, 19 March 2019 is entitled to attend and vote in person, by proxy, attorney or (in the case of corporate shareholders) a body corporate representative at the Scheme Meeting.

Each Shareholder is entitled to one vote for each fully paid Share held.

If a Share is jointly held, only one of the Shareholders is entitled to vote. If more than one Shareholder votes a jointly held Share, only the vote of the Shareholder whose name appears first on the Share Register will be counted.

4.10 Obtaining Australian CGT roll-over relief

If you are an Australian tax resident Eligible Scheme Participant and CGT roll-over relief is available, and you wish to obtain the relief, you should complete the Roll-over Election Form accompanying this Scheme Booklet and return it to the Australian Share Registry for KPL.

If you wish to obtain roll-over relief you should complete and return the form even if you do not vote on the Scheme.

The eligibility requirements for the roll-over are discussed in Section 11.1.

4.11 Questions

If you have any questions about your KPL Shares or any other matter in this Scheme Booklet, please call KPL's information line below and consult your financial, tax or other adviser without delay.

KPL may be contacted directly either:

- Via email at info@kinapetroleum.com; or
- Directly by telephone on + 61 2 8247 2500.

5. FREQUENTLY ASKED QUESTIONS ABOUT THE SCHEME

This Section sets out frequently asked questions that Shareholders may have in relation to the Scheme. The answers to these questions should be read in conjunction with this entire Scheme Booklet.

No	Question	Answer	Section Reference
Overview			
1.	What is a scheme of arrangement?	<p>A scheme of arrangement is a statutory arrangement facilitated by Part XVI of the PNG Companies Act between a company and its shareholders.</p> <p>Schemes are commonly used to effect the acquisition of shares in a target company or to undertake a restructure of a corporate group.</p> <p>The Scheme must be approved by a Requisite Majority of Shareholders and by the Court in order to become binding on KPL's shareholders.</p>	Section 10.1 and 13.1
2.	What is the Scheme I am being asked to consider?	<p>Shareholders are being asked to consider the proposed scheme of arrangement between KPL and Shareholders as at the Record Date, under which it is proposed that Kina BVI (a new company limited by shares incorporated in BVI for the purpose of the Scheme) will acquire 100% of the outstanding shares in KPL, in return for which Shareholders will receive the Scheme Consideration of 1 Kina BVI Share for every 30 KPL Shares held on the Record Date.</p> <p>The Scheme requires approval by the Requisite Majority of Shareholders at the Scheme Meeting and approval by the Court at the Second Court Hearing in order to become Effective.</p> <p>A copy of the Scheme is contained in Annexure B.</p>	Section 10.1 and Annexure B

No	Question	Answer	Section Reference
3.	What is the Implementation Agreement and is it binding on me?	<p>The Implementation Agreement contains various undertakings by KPL and Kina BVI to pursue and progress the Scheme. The key terms of the Implementation Agreement are summarised in Section 10.4.</p> <p>The Implementation Agreement is binding on KPL only and not on Shareholders. Only the Scheme itself is binding on Shareholders, and the Scheme will only become binding on Shareholders if and when the Scheme is approved by the Requisite Majority of Shareholders at the Scheme Meeting.</p>	Section 10.4
4.	What should I do?	<p>Shareholders should read this Scheme Booklet carefully and in its entirety. Shareholders may also choose to consult independent legal, investment, tax or other professional advisors in relation to any of the information contained in this Scheme Booklet. Based on this Scheme Booklet and any independent advice you may receive, you should determine how you wish to vote on the Scheme. You are able to vote by attending the Scheme Meeting, or by appointing a proxy, attorney or, in the case of corporate Shareholders, a corporate representative, to vote on your behalf.</p> <p>Please refer to Section 4 and Annexure E for further information on how to vote on the Scheme.</p>	Section 4 and Annexure E
5.	What is Kina BVI?	<p>Kina BVI is a company incorporated in BVI for the specific purpose of becoming the holding company of KPL.</p> <p>It is intended for Kina BVI to be listed on ASX and POMSoX.</p>	Section 8
6.	Who is entitled to participate in the Scheme?	<p>If you are registered as a Shareholder on the Share Register at 5:00pm Tuesday, 19 March 2019 (being the latest time and date for determining eligibility to vote at the Scheme Meeting), you will be entitled to vote at the Scheme Meeting.</p> <p>If your KPL Shares are jointly held, only one of the joint Shareholders is entitled to vote. If more than one of the joint Shareholders votes, only the vote of the Shareholder whose name appears first on the Share Register will be counted.</p>	Section 4.2

No	Question	Answer	Section Reference
7.	Will I have to pay brokerage fees or stamp duty on the transfer of KPL Shares to Kina BVI?	<p>You will not have to pay brokerage or stamp duty in Australia or PNG in connection with the exchange of your KPL Shares.</p> <p>However, if you are an Ineligible KPL Shareholder, a selling commission will be deducted by the Sale Agent from the proceeds of sale of the Kina BVI Shares on market attributable to your holding in KPL.</p> <p>Neither Kina nor the Sale Agent make any guarantee with regard to the amount of selling commissions although it is expected that a selling commission of 0.25% of gross proceeds will apply.</p>	Section 6.7
8.	What is required to effect the Restructure?	<p>To effect the Restructure, the following steps are required:</p> <ol style="list-style-type: none"> 1) Scheme of Arrangement – The Scheme, if implemented, will result in KPL becoming a wholly owned subsidiary of Kina BVI, a company incorporated in the BVI specifically for the purpose of the Restructure; 2) New ASX Listing – Kina BVI will apply to be listed on ASX, and KPL will be delisted from ASX; 3) New POMSoX Listing – Kina BVI will apply to be listed on POMSoX, and KPL will be delisted from POMSoX; and 4) Kina BVI will effectively replace KPL as the listed entity on ASX and POMSoX. 	Sections 4.4, 10.11, 12.3 and 12.4
9.	Why is the Scheme being proposed?	<p>KPL is proposing to undergo a corporate restructure and re-domicile to the BVI.</p> <p>The Directors believe the Restructure will best support the long term growth of the Group as it will create a corporate structure that is more aligned with the needs of the international Shareholder base of KPL.</p> <p>The Scheme is a precursor to a potential listing on a North American stock exchange, which the Board sees as a potential component of the strategy that will support the Company's long term growth.</p>	Section 6.2

No	Question	Answer	Section Reference
10.	What is the purpose of the Scheme?	<p>As part of the Restructure, it is proposed that Kina BVI, a company incorporated in BVI become the new holding company for KPL, to be achieved by a scheme of arrangement.</p> <p>If the Scheme is implemented, it will result in:</p> <ol style="list-style-type: none"> 1) the transfer of all KPL Shares by order of the Court to Kina BVI, a newly incorporated public limited company incorporated in BVI; and 2) the issue of: <ol style="list-style-type: none"> a) Kina BVI Shares to Eligible Scheme Participants; and b) Kina BVI Shares to the Sale Agent for sale on market and the distribution of the proceeds, net of any brokerage, taxes and other expenses of sale, to Ineligible KPL Shareholders. 	Sections 10.11 and 10.12
11.	What is effect of the Scheme if Implemented?	<p>The Scheme will not impact KPL's existing business and operations. The Scheme will have the following major effects:</p> <ol style="list-style-type: none"> 1) KPL will become a wholly owned subsidiary of Kina BVI; 2) KPL will be removed from the official list of ASX and POMSoX, and Kina BVI will, subject to successful applications, be listed on ASX and POMSoX; and 3) Scheme Participants will have substantially the same proportional investment in Kina BVI upon the Scheme being implemented as they have in KPL immediately before the Scheme. 	Sections 4.4, 8.4, 10.11, 12.3 and 12.4

No	Question	Answer	Section Reference
12.	What are the transaction costs of implementing the Scheme?	<p>There will be a one-off transaction cost in implementing the Scheme and completing the Scheme.</p> <p>The total one-off costs of implementing the Scheme are estimated to be approximately US\$600,000 – US\$650,000, with around US\$570,000 of this having been incurred by 31 December 2018.</p> <p>Implementation of the Scheme may also result in additional ongoing administrative costs being incurred of around \$15,000 per annum including, for example, those costs involved in maintaining a register in the BVI and ensuring compliance with applicable BVI laws. However, KPL does not consider that these costs will be material or significantly greater than KPL's current administrative costs in maintaining its domicile in PNG.</p>	Section 6.5(a)
Scheme Process			
13.	What approvals are required for the Scheme?	<p>The following approvals, among others set out in more detail in the Implementation Agreement, must be obtained in order to complete the Scheme:</p> <ol style="list-style-type: none"> 1) The Scheme must be approved at a meeting of Shareholders by at least 75% of the votes cast by Shareholders entitled to vote and voting on the resolution either in person or by proxy, attorney or (in the case of corporate shareholders) a body corporate representative. 2) The Scheme must also be approved by the Court, which is scheduled to consider the Scheme at a hearing on Tuesday, 2 April 2019. 	Section 10.2
14.	What do the Directors recommend?	<p>Each Director, having considered the terms of the Scheme, believes that the Scheme is in the best interests of Shareholders and will not impact on the interests of KPL creditors in a materially adverse manner.</p> <p>Each Director recommends that Shareholders vote in favour of the resolution to approve the Scheme.</p> <p>Each of the Directors intends to vote in favour of the Scheme in respect of the KPL Shares held by him or on his behalf.</p>	Section 6.2

No	Question	Answer	Section Reference
15.	Why are the Directors recommending the Scheme?	<p>The Directors believe the Restructure will best support the long term growth of the Group as it will create a corporate structure that is more aligned with the needs of the international Shareholder base of KPL.</p> <p>The proposed Restructure is consistent with KPL's growth intentions and has the potential, through Kina BVI, to:</p> <ol style="list-style-type: none"> 1) offer an expanded investor base; 2) provide greater access to investors (particularly in North America), and is a precursor to a potential listing on a North American exchange such as NASDAQ or NYSE MKT, among others under consideration by the Company; 3) facilitate a more liquid market for Kina BVI Shares than PNG law currently permits for KPL Shares, which will materially benefit all Shareholders by allowing Shareholders more flexibility to increase or decrease their equity positions; 4) allow Kina to raise the capital required to fund the development of hydrocarbons in PRL 21 via an early liquids project or other development project, if and when such a development project is commenced; and 5) from a timing perspective, the Scheme takes advantage of increased corporate and industry activity levels prevalent in the market and geographical sector in which KPL operates. <p>Please refer to Sections 6.4 and 6.5 for further information in relation to the Board's view of the potential advantages and disadvantages of the Scheme.</p>	Sections 6.4 and 6.5
16.	What is the Independent Expert's opinion?	<p>The Independent Expert has concluded that the Scheme is in the best interests of Shareholders. The Independent Expert's Report is contained in Annexure A.</p>	Annexure A

No	Question	Answer	Section Reference
17.	What are the reasons to vote in favour of the Scheme?	<p>The reasons to vote in favour of the Scheme are set out in Section 6.4 of this Scheme Booklet. Essentially, voting in favour of the Scheme will allow the Restructure to be effected.</p> <p>The Restructure is intended to:</p> <ul style="list-style-type: none"> • improve the company's access to equity capital for its development and exploration funding requirements – particularly for an early liquids project in PRL 21 - through greater access to offshore investors (particularly in North America); • be a precursor to a potential listing of the company's shares on a North American exchange; • facilitate a more liquid market for Kina BVI Shares than PNG law currently permits for KPL Shares, which will materially benefit all Shareholders by allowing Shareholders more flexibility to increase or decrease their equity positions; • from a timing perspective, take advantage of increased corporate and industry activity levels prevalent in the market and geographical sector in which Kina BVI operates. 	Section 6.4

No	Question	Answer	Section Reference
18.	Why may I consider voting against the Scheme?	<p>Although the KPL Board recommends that you vote in favour of the Scheme, the Scheme has some potential disadvantages that KPL Shareholders should consider when making their decision whether or not to vote in favour of the Scheme.</p> <p>The Scheme may provide the following disadvantages:</p> <ul style="list-style-type: none"> • implementation costs and administrative burden, although KPL Management estimates that the additional administrative burden and cost of being domiciled in BVI as proposed by the Scheme is not material in comparison to its current domicile in PNG; • a change in jurisdiction to one that PNG and other shareholders may not be familiar with; • certain shareholder protections which exist under Australian and PNG laws are different or do not exist under BVI laws; • Ineligible KPL Shareholders will not be able to receive Kina BVI Shares; and • taxation implications for Eligible Scheme Participants (a summary of which are set out in Section 11 of this Scheme Booklet). 	Section 6.5
19.	What happens at the Court hearings?	<p>In the First Court Hearing, the Court ordered that the Scheme Meeting be convened for the purposes of considering the Scheme, and approved the dispatch of this Scheme Booklet to Shareholders. If the Scheme is approved by Shareholders, at the Second Court Hearing, the Court will be asked to approve the Scheme.</p> <p>If Shareholders wish to oppose Court approval of the Scheme at the Second Court Hearing, they may appear before the Court by filing with the Court, and serving on KPL, a notice of appearance in the prescribed form, together with any affidavit on which such opposing Shareholders wish to rely at the hearing. The notice of appearance and affidavit must be served on KPL at least one Business Day before the Second Court Date. The Second Court Date is currently scheduled for Tuesday, 2 April 2019. Any change to this date will be announced through ASX and POMSoX.</p>	Sections 12.12 and 13.1

No	Question	Answer	Section Reference
20.	Is the Scheme subject to any conditions?	The Scheme is subject to Shareholder and Court approval, as well as a number of regulatory and other approvals, including listing of the Kina BVI Shares on ASX and POMSoX. These are set out in more detail in the Implementation Agreement.	Section 10.5(a)
21.	When will the Scheme Meeting be held?	The Scheme Meeting is scheduled to be held at 11.00 a.m. at the Laguna Hotel, Waigani Drive, Port Moresby on Thursday, 21 March 2019.	Annexure E
22.	Should I vote?	Voting is not compulsory. However the Directors believe that the Scheme is important to all Shareholders and unanimously recommend that you vote in favour of the Scheme.	Section 6.2
Scheme Consideration			
23.	What will I receive if the Scheme becomes Effective?	<p>If you are a Scheme Participant (other than an Ineligible KPL Shareholder), you will receive one Kina BVI Share for every 30 KPL Shares you hold on the Record Date. To the extent permitted by law, the KPL Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.</p> <p>The ratio of KPL to Kina BVI Shares being offered under the Scheme has been set on the basis of establishing a share price per Kina BVI Share that will be sufficient for the listing requirements of ASX and POMSoX and that will support Kina BVI in meeting the share price eligibility requirements for a future listing on a leading North American stock exchange.</p>	Section 10.11
24.	How will fractional entitlements to shares be treated?	If the number of KPL Shares a KPL Shareholder holds on the Record Date means that their aggregate entitlement to Kina BVI Shares is not a whole number, then any fractional entitlement to Kina BVI Shares of 0.5 or more will be rounded up to the nearest whole number and any fractional entitlement of less than 0.5 will be rounded down.	Sections 10.11 and 10.12

No	Question	Answer	Section Reference
25.	What if I am an Ineligible KPL Shareholder?	<p>You are an Ineligible KPL Shareholder if your address as shown on the Share Register is a place outside of Australia, PNG, Hong Kong, Singapore, the UK, New Zealand or the US. The Kina BVI Shares which you would be entitled to receive under the Scheme will instead be issued to a Sale Agent appointed by KPL, who will sell those Kina BVI Shares and forward the proceeds to you, after deducting any applicable brokerage, stamp duty and other taxes and expenses.</p> <p>Ineligible KPL Shareholders should refer to Section 10.12 for further details regarding how they will receive Scheme Consideration under the Scheme.</p>	Section 10.12
26.	Are there differences between KPL Shares and Kina BVI Shares?	<p>Yes. While the rights of Kina BVI Shares will generally reflect the rights of the existing KPL Shares in all material respects, they are shares in a BVI company governed by the BVI Business Companies Act. There are a number of important differences between BVI law and PNG law. A summary description of these differences is set out in Section 8.5 and Annexure D of this Scheme Booklet.</p>	Section 8.5 and Annexure D
27.	Will I pay any tax on the exchange of my KPL Shares?	<p>A summary of the general Australian and PNG income tax and goods and services tax consequences for Eligible Scheme Participants is set out in Section 11 of this Scheme Booklet.</p> <p>If you are an Australian tax resident Eligible Scheme Participant and CGT roll-over relief is available, and you wish to obtain the relief, please complete the Roll-over Election Form accompanying this Scheme Booklet and return it in accordance with the instructions in that form. See Section 11.1 for further details.</p> <p>Each individual's tax position is different, and Shareholders are urged to consult their own tax advisers as to the specific tax consequences to them of the Scheme, including the applicability and effect of local and foreign income and other tax laws in their particular circumstances.</p>	Section 11
28.	When will I receive my Kina BVI Shares?	<p>If the Scheme is approved by Shareholders and the Court, it is expected that Implementation will take place approximately three weeks after the Scheme Meeting. The Kina BVI Shares will be issued on the Implementation Date, and holding statements and transmittal letters will be mailed as soon as possible thereafter.</p>	Sections 3, 10.11 and 10.13

No	Question	Answer	Section Reference
29.	When can I trade in my Kina BVI Shares?	<p>Holding statements are expected to be dispatched to Shareholders on Tuesday, 16 April 2019.</p> <p>Kina BVI Shares are expected to commence trading on ASX on Tuesday, 16 April 2019.</p> <p>Kina BVI Shares are expected to commence trading on POMSoX on Tuesday, 16 April 2019.</p>	Section 3
Voting			
30.	Am I entitled to vote?	<p>If you are registered as a Shareholder on the Share Register at Tuesday, 19 March 2019 (being the latest time and date for determining eligibility to vote at the Scheme Meeting), you will be entitled to vote at the Scheme Meeting.</p> <p>If your KPL Shares are jointly held, only one of the joint Shareholders is entitled to vote. If more than one of the joint Shareholders votes, only the vote of the Shareholder whose name appears first on the Share Register will be counted.</p>	Section 4.2
31.	How do I vote?	You may vote either in person or by proxy, attorney or (in the case of corporate shareholders) a body corporate representative. Your vote is very important. Please see the explanation of how to vote in Section 4 of this Scheme Booklet.	Section 4
32.	What approval by Shareholders is required for the Scheme to proceed?	<p>The Scheme must be approved by at least 75% of the votes cast by Shareholders entitled to vote and voting on the resolution either in person or by proxy, attorney or (in the case of corporate shareholders) a body corporate representative.</p> <p>Approval by the Court is also required at the Second Court Hearing.</p>	Sections 4.4 and 10.2
Results of the Scheme Meeting			
33.	What will be the effect of the Scheme?	<p>Your KPL Shares will be transferred to Kina BVI without any further action required by you.</p> <p>In exchange for the transfer of your KPL Shares, you will receive the Scheme Consideration.</p> <p>KPL will become a wholly-owned subsidiary of Kina BVI and will be de-listed from ASX and POMSoX and Kina BVI will be listed on ASX and POMSoX.</p>	Sections 8.2 and 10.11

No	Question	Answer	Section Reference
34.	What happens if I do not vote, or vote against the Scheme, and the approvals are obtained?	If the necessary approvals for the Scheme are obtained, the Scheme will be implemented and all Eligible Scheme Participants will be issued Kina BVI Shares in consideration for their KPL Shares. This will occur regardless of whether you voted for or against the Scheme, or did not vote.	Sections 4.4 and 6.6(c).
35.	When will the results of the Scheme Meeting be available?	The results of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX and POMSoX.	Section 10.7
36.	What happens if the Scheme does not become Effective (including if it is not approved)?	If the Scheme does not become Effective, the Restructure will not be implemented. Shareholders will retain their KPL Shares and KPL will remain listed on ASX and POMSoX.	Section 10.4(b)
Kina BVI			
37.	Will there be changes to the operations or strategy of KPL as a result of the Scheme?	Immediately following the Scheme, KPL will be a wholly owned subsidiary of Kina BVI. Kina BVI will therefore effectively have the same assets and liabilities as KPL had immediately prior to the Scheme. The Board expects no changes to the operations or corporate strategy of the KPL Group as a result of the Scheme.	Sections 8.2 and 8.7
38.	Who will be the directors and senior management of Kina BVI?	Kina BVI's board of directors immediately after the Scheme will be identical to the Board immediately prior to the Scheme. Other than Alex Mitchell, the Kina BVI group's executive officers immediately after the Scheme will be identical to KPL's executives immediately prior to the Scheme.	Section 8.3
39.	Where can I get further information?	This Scheme Booklet provides detailed information in relation to the Scheme that all Shareholders should read. If you have any questions about the Scheme, please forward them via email to info@kinapetroleum.com or via fax to + 61 2 8247 2599. You may also call KPL directly on + 61 2 8247 2500. Alternatively, please discuss your questions with your legal, financial or other professional adviser. For additional copies of this Scheme Booklet, please visit KPL's website at www.kinapetroleum.com .	Section 4.11

6. ASSESSMENT OF THE SCHEME

6.1 Introduction

This Section sets out the Board's recommendations in respect of the Scheme, the Independent Expert's opinion on the Scheme, the potential advantages of the Scheme, the potential disadvantages of the Scheme and other considerations concerning the Scheme.

Further information on the Scheme's tax implications for Eligible Scheme Participants is set out in Section 11.

6.2 Directors' recommendation and reasons

The Board believes that the Scheme is in the Shareholders' best interests and unanimously recommends that Shareholders vote in favour of the resolution to approve the Scheme.

The Board has formed its conclusion and made its recommendation on the basis that the potential advantages of the Scheme (as described in Section 6.4) outweigh the potential disadvantages and risks of the Scheme (as described in Sections 6.5 and Section 9) and other considerations concerning the Scheme (as described in Section 6.6).

The Directors have also considered the opinions contained in the report of the Independent Expert, which was engaged to determine whether the Scheme is in the best interests of the Shareholders.

All Directors who hold or control the right to vote KPL Shares intend to vote in favour of the resolution to approve the Scheme. Details of the KPL Shares held by or on behalf of the Directors are set out in Section 12.5.

6.3 Independent Expert's opinion

The Independent Expert has concluded that the advantages of the Scheme outweigh the disadvantages to the Shareholders and that the Scheme is therefore in the best interests of Shareholders.

The Independent Expert has concluded that the major advantages of the Scheme to Shareholders include potential access to new funds and a more flexible corporate and regulatory framework.

The Independent Expert has concluded that the disadvantages are less material in nature and in some cases affect only a small proportion of the Shareholders, such as Ineligible KPL Shareholders, who will be forced to sell their KPL Shares.

The Independent Expert has evaluated the Scheme for Shareholders as a whole and has not considered the effect of the Scheme on the circumstances of individual Shareholders. Due to their particular circumstances, individual Shareholders may place a different emphasis on various aspects of the Scheme from the one adopted in the Independent Expert's Report. Accordingly, individuals may reach different conclusions to ours on whether the Scheme is in the best interests of Shareholders.

If in doubt, Shareholders should consult an independent adviser, who should have regard to their individual circumstances. Shareholders should also seek their own professional taxation

advice based on their particular facts and circumstances as tax implications will vary depending on the circumstances of each individual Shareholder.

A copy of the Independent Expert's Report is set out in full in **Annexure A** of this Scheme Booklet.

6.4 Potential advantages of the Scheme

The Board believes the Scheme to be an important step in achieving KPL's strategic goals, which are set out in Section 7.4. In considering the potential advantages of the Scheme, the Board has considered KPL's ability to achieve its strategic goals whilst remaining a PNG incorporated company, and has determined that the Scheme will better position KPL to realise those goals as a BVI company. Potential advantages of the Scheme include:

(a) Greater access to equity capital and exposure to larger and more diverse investor base

The continued growth and development of KPL will require access to capital markets and investor bases that are able to provide competitive funds in the form of debt and equity. Although KPL is currently listed on ASX and POMSoX, the KPL Board believes that KPL requires access to the larger, more diverse sources of capital available in other international markets, including North America, in order to provide the funding needed for its growth and development.

In the Board's view, the proposed Scheme offers the key benefit to KPL of providing greater access to international investment capital, in particular by causing KPL to become a wholly owned subsidiary of a new holding company domiciled in a jurisdiction (the BVI) in which the relevant company and securities laws are more familiar to international investors than the laws of PNG. The Board believes this familiarity will enlarge the pool of potential investors and improve access to equity capital from a more diverse investor base.

(b) Continued strong connection with Australian and PNG investor communities

The continued support of the Australian and PNG investment communities remains integral to the success of KPL. Therefore, the Board intends for the Scheme to permit Kina BVI to maintain strong connections with the Australian and PNG investment communities and minimise the Scheme's impact on those investors.

KPL intends for Kina BVI to seek listing on ASX and POMSoX, which will allow Shareholders to continue to hold their interests on the exchange with which they are most familiar (other than in the case of Ineligible KPL Shareholders, who will cease to hold such investment if the Scheme is implemented).

Also, once listed, Kina BVI will be required to comply with the ASX and POMSoX listing rules, including disclosure requirements under the continuous disclosure rules and lodgement of financial statements and quarterly reports. These disclosure requirements will be identical to those that KPL is currently undertaking.

(c) Fewer restrictions on shareholders

Among other things, the BVI Business Companies Act places fewer restrictions on investors disposing of or acquiring shareholdings than is provided for under PNG law. This is based on the assumption that the old takeovers code in PNG will still apply, or that a new takeovers code will be adopted in PNG in due course. The Board

believes this flexibility will facilitate a more liquid market for Kina BVI Shares than PNG law currently permits for KPL Shares. This increased liquidity will be of benefit to all shareholders of Kina BVI. A comparison of the restrictions and protections affordable to shareholders under PNG law and BVI law is set out in Annexure D.

(d) Improved market sentiment and profile

KPL will (through Kina BVI) continue to be listed on ASX and POMSoX. However, KPL believes the more flexible BVI companies laws and potentially increased share price effectively achieved through the 30:1 share consolidation ratio under the Scheme will provide Kina BVI with an opportunity to build a higher profile among international investors, which may help it access the deeper pools of capital that exist outside of Australia and PNG, including in North America.

Among other things, a higher profile may encourage greater media and/or analysts' coverage of Kina BVI, which in turn may increase liquidity of Kina BVI Shares through greater investment interest and access to a wider range of investors.

Shareholders may also refer to the discussion of these potential advantages contained in the Independent Expert's Report set out in **Annexure A** of this Scheme Booklet.

6.5 Potential disadvantages of the Scheme

Although the Scheme is recommended by the Board, and the Independent Expert has concluded that the Scheme is in the best interests of Shareholders, there are potential disadvantages that may result from the Scheme which include:

(a) Implementation Costs

There will be a one-off transaction cost in implementing the Scheme and completing the Scheme.

The total one-off costs of implementing the Scheme are estimated to be approximately US\$600,000 – US\$650,000, with around US\$570,000 of this having been incurred by 31 December 2018.

Implementation of the Scheme may also result in additional ongoing administrative costs being incurred of around \$15,000 per annum including, for example, those costs involved in maintaining a register in the BVI and ensuring compliance with applicable BVI laws. However, KPL does not consider that these costs will be material or significantly greater than KPL's current administrative costs in maintaining its domicile in PNG.

(b) Change in jurisdiction and structure

At present, PNG resident Shareholders may take action in PNG Courts to enforce provisions of KPL's constitution or the PNG Companies Act as they relate to KPL. It is unclear whether the PNG Courts will accept jurisdiction to enforce either Kina BVI's Articles or the BVI Business Companies Act. If they do not, it may be necessary for PNG resident Shareholders to take enforcement action outside PNG.

On Implementation, Shareholders will become shareholders in Kina BVI. Kina BVI, as a company incorporated in the BVI, will not be subject to the PNG Companies Act to which KPL is currently subject and with which Shareholders are familiar. However, Kina BVI will not be able to be considered a BVI resident for tax purposes.

Instead, Kina BVI will be governed by the BVI Companies Act, which differs from the PNG Companies Act and other applicable PNG laws in important ways. Shareholders should refer to Section 8.5 and to Annexure D, which sets out a comparison of the PNG Companies Act and other applicable PNG laws, which currently govern KPL, and the BVI Business Companies Act which will govern Kina BVI. Some of these differences could be viewed as advantageous to Shareholders, while others could be viewed as disadvantageous to Shareholders.

(c) Ineligible KPL Shareholders will not be able to receive Kina BVI Shares

A Shareholder will be an Ineligible KPL Shareholder if their address as shown on the Share Register is a place outside of Australia, PNG, Hong Kong, Singapore, the UK, New Zealand or the US.

The Kina BVI Shares to which an Ineligible KPL Shareholder would be entitled to receive under the Scheme will instead be issued to a Sale Agent appointed by KPL, who will sell those Kina BVI Shares and Ineligible KPL Shareholders will receive the proceeds, after deducting any applicable brokerage, stamp duty and other taxes and charges.

Ineligible KPL Shareholders should refer to Section 10.12 for further details regarding how they will receive Scheme Consideration under the Scheme.

(d) Taxation Implications

The Scheme may have taxation implications for Shareholders. Accordingly, Shareholders should refer to the summary of certain PNG and Australian taxation implications for Eligible Scheme Participants in Section 11 of this Scheme Booklet.

(e) Difference in Shareholder Protections

BVI laws typically require a simple majority, i.e., 50% of votes cast, for a resolution to be binding whereas in Australia and PNG votes of 75% of votes cast are required in certain circumstances. Additionally, with regard to takeovers, BVI laws do not prescribe ownership thresholds or “creep” provisions as currently contained in PNG laws. For further information refer to Annexure D.

6.6 Other considerations

Shareholders may also wish to consider the following considerations concerning the Scheme outlined below.

(a) Corporate governance regime

The Scheme will not have any material effect on KPL's corporate governance regime. Following the Scheme, Kina BVI's corporate governance policies and procedures will be similar to KPL's current corporate governance policies and procedures in all material respects. KPL's corporate governance policies and procedures are summarised in Section 7.11.

ASX and POMSx corporate governance principles, guidelines and recommendations will apply to Kina BVI, as they currently apply to KPL, through its proposed listing on those exchanges.

(b) Other Company Policies

KPL does not expect the Implementation to have any material impact on its other corporate policies.

(c) The Scheme may be implemented even if you vote against it

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme will still be implemented if it is approved by the Requisite Majority of Shareholders and the Court and all other conditions to the Scheme are satisfied or waived. If this occurs, on the Implementation Date (or before the Implementation Date but subject to the provision of the Scheme Consideration under the Scheme), all KPL Shares will be transferred to Kina BVI and you will be entitled to receive one Kina BVI Share for every 30 KPL Shares held by you on the Record Date (except for Ineligible KPL Shareholders), even though you did not vote on, or voted against, the Scheme.

6.7 No brokerage or stamp duty

Shareholders will not incur any brokerage or stamp duty in Australia or PNG in connection with the Scheme, except that Ineligible KPL Shareholders may pay brokerage fees on the sale of their entitlements as part of the Scheme.

7. PROFILE OF KPL

7.1 Overview

KPL was formed in 2009 (upon incorporation the company was known as Dabajodi Energy International Limited, but changed its name to Kina Petroleum Limited in 2011) to participate in the exploration and acquisition of oil and gas assets in PNG, and since its float in late 2011, has raised over US\$48 million of equity capital with approximately US\$5.2 million cash on hand at the end of December 2018. As it has always done, KPL continues to leverage its large exploration position to support growth related activity in its licenses. This is despite the most recent few years presenting significant challenges because of a well-documented decline in oil price, coupled with uncertainty over the timing of extension of licenses which are foundations of our acreage portfolio.

Whilst oil prices have rebounded recently, the last 3 years of low prices have caused the global oil and gas industry, including KPL, to cut exploration activities and costs and to revise strategies to be more consistent with the very difficult and uncertain conditions that prevail.

Over the last 3 years KPL has cut its costs by reducing and freezing manpower and, significantly, restructuring our exploration obligations. Even more importantly, KPL has focused on the growth potential of our discovered assets and re-assessed their resource size and viability of development in a US\$60/bbl oil price environment.

In eastern PNG, where KPL is the operator and 100% equity holder of its licences (other than PPL 339 which is operated by Oil Search and in which Kina presently has a 30% participating interest, subject to a farmout agreement with Santos), the Company has had its work commitments restructured via extension of PPLs 338 and 340 and the issue of the PPLs 581, 596, 597 and 598. This has been achieved by close and open dialogue with the PNG Department of Petroleum. These licences are contained within the forelands region of PNG and are within 50 kilometres of the Elk/Antelope gas fields, which will underpin the proposed Papua LNG project that is the next phase of LNG development in Papua New Guinea. The Elk/Antelope fields point to the prospectivity of the PPLs 338, 581, 596, 597 & 598.

In PPL 339, we believe confirmation of the licence's extension is imminent. We expect that the extension may incorporate drilling of a well which was deferred from the first term of the licence as a result of an unfavourable economic environment.

In western PNG, KPL has built a large exposure to the Fly Platform oil and gas clastic play, including our interest in PRL 21. PRL 21 is central to KPL's strategy for commercialisation of the play. PRL 21 was awarded in 2011 with 5 successful intersections of the wet gas reservoir within the licence, 4 of which were drilled by the current joint venture. The success of the PRL 21 drilling campaign from 2011 – 2013 highlighted the potential of the play but rapid commercialisation of the play has been hampered by the recent period of low oil prices. This situation is being addressed by the PRL 21 joint venture.

PRL 21 is not only the lynch-pin of the Fly Platform play - it is fundamental to KPL's future and therefore the company has been actively evaluating commercialisation options for the licence.

As with eastern PNG, the work programs for KPL's Western Province exploration licences - PPLs 435, 436 and 437 – were the legacy of the US\$100/bbl oil price environment prior to 2014. We continue to work with the Department of Petroleum to re-calibrate our work commitments under these to the current and near term industry environment.

KPL's integrated technical work for these Western Province PPLs has highlighted a number of very large oil targets and in advance of future seismic programs KPL undertook scouting of the proposed work areas in late 2017. Because the prospects cover a large area, any seismic survey will be of a similar scale. KPL's screening studies suggest a program of about 420km over the top ranked prospects in PPLs 435, 436 and 437 would cost US\$26.5million at an average cost of around US\$52,000/km if technology currently on offer in PNG was used. KPL views this as unacceptably high based on management's experience of surveys carried out previously in the Aramia area of Western Province, where per kilometre cost of around US\$20,000/km were achieved. Part of KPL's restructuring of its work program will address current nodal seismic technology and its applicability to the Fly Platform play.

7.2 Corporate structure

The Group has the following Subsidiaries, which are wholly-owned:

Subsidiary	Country of incorporation	Percentage held by KPL	Nature of its business
Kina Oil and Gas Pty Limited	Australia	100%	Administrative support.
Kina Petroleum (PPL 337) Ltd	PNG	100%	Presently dormant.
Kina Petroleum (PPL 338) Ltd	PNG	100%	Presently dormant but intended to hold the company's interest in PPL 338.
Kina Petroleum (PPL 339) Ltd	PNG	100%	Oil and gas exploration. The company holds the group's interest in PPL 339.
Kina Petroleum (PPL 340) Ltd	PNG	100%	Presently dormant but intended to hold the company's interest in PPL 340.
Kina Petroleum (PPL 435) Ltd	PNG	100%	Presently dormant but intended to hold the company's interest in PPL 435.
Kina Petroleum (PPL 436) Ltd	PNG	100%	Presently dormant but intended to hold the company's interest in PPL 436.
Kina Petroleum (PPL 437) Ltd	PNG	100%	Presently dormant but intended to hold the company's interest in PPL

Subsidiary	Country of incorporation	Percentage held by KPL	Nature of its business
			437.
Kina Petroleum (PRL 21) Ltd	PNG	100%	Oil and gas exploration. The company holds the group's interest in PRL 21.
Kina Petroleum (PRL 38) Ltd	PNG	100%	Presently dormant.

7.3 Key Assets

KPL's exploration and development projects as at the date of this Scheme Booklet are set out below. These assets are considered to be prospective for oil and gas.

The majority of KPL's tenements are all located within the Papuan Basin of PNG. The projects are prospective for oil and gas close to existing or proposed export infrastructure.

Licence	Prospect	Ownership	Operator	Overview
PPLs 338, 581, 596, 597 & 598	Mangrove, Nipa, Crocodile and Triceratops West	KPL 100%.	KPL	<p>PPLs 338, 581, 596, 597 & 598 are located in the eastern Papuan Basin, to the west and south of the Elk-Antelope gas field in PRL 15 (KPL has no interest in PRL 15).</p> <p>The most recent work within the licence areas has included a seismic reprocessing program of approximately 790 line km. On the basis of the results of the re-processing, KPL plans to undertake an aerial gravity/gradiometry survey of the licence areas. This will be followed by acquisition of further seismic data in advance of a well being drilled, ideally using a small fit for purpose rig.</p>
PPL 339	Kalangar/ Eclectus	KPL 30%	Oil Search Ltd	<p>The licence's first term expired in September 2015 and an extension application (over 50% of the area originally awarded in September 2009) has been lodged with the government of PNG by Oil Search, in its capacity as operator. At the date of this report, Oil Search continue to work with the government to manage the extension process.</p> <p>KPL has entered into a farmout agreement (Farmout Agreement) with Barracuda Limited (a subsidiary of Santos Ltd) (Santos) to transfer two thirds of its interest (a 20% participating interest in the licence)</p>

Licence	Prospect	Ownership	Operator	Overview
				<p>to Santos subject to various conditions.</p> <p>Pursuant to the terms of the Farmout Agreement, Santos has the right to terminate the Farmout Agreement if various conditions were not satisfied by 6 December 2018. As these conditions have not been met as at the date of this Booklet, Santos currently has the right to terminate the Farmout Agreement.</p> <p>If Santos opted to terminate the Farmout Agreement, Kina's participating interest in PPL 339 will revert to 30%. Further, the carry on well costs to which Kina is entitled would revert to the partial carry on an agreed amount of well costs as provided for in the Company's pre-existing farmout agreement with Oil Search (PNG) Limited.</p> <p>Assuming the licence is extended (confirmation from the PNG Minister for Petroleum is pending at the date of this document) termination of the Farmout Agreement would not impact the legal status of the licence or Kina's tenure in it. The licence would remain in good standing and on foot until its 5 year term expires.</p>
PPL 340	Lizard, Lizard East & Port Moresby	KPL 100%	KPL	<p>PPL 340 is located onshore within the Eastern Papuan Basin in the Gulf and Central Provinces. It comprises 26 graticular blocks, in 3 non-contiguous areas, running northwest from Port Moresby.</p> <p>PPL 340 was extended for a further 5 years with effect from 31 March 2017.</p> <p>An aerogravity and aeromagnetic survey over PPL 340 completed in 2014 yielded three high-grade structural leads; Port Moresby, Lizard and Lizard East. The Port Moresby prospect is at a depth of roughly 800m and extends offshore beyond the PPL 340 boundary. The Lizard prospect is an attractive carbonate target at a depth of less than 1 kilometre and is easily accessible by road from the capital, Port Moresby.</p> <p>Interpretation of the data led KPL to commence a structural and prospect review</p>

Licence	Prospect	Ownership	Operator	Overview
				to define priority targets for a seismic acquisition. KPL plans to farm-out its equity in the licence and in doing so conduct a further Aerogravity/Gradiometry survey to complement the work done in 2014 and more accurately define targets for seismic acquisition in 2019/20. KPL has commenced farm-out discussions.
PPL 435	Aiambak and Lake Murray East	KPL 100%	KPL	<p>An aeromagnetic and aerogravity survey was completed in 2014 and the Aiambak, Aiambak North, Aiambak South and Lake Murray Central, Lake Murray East and lake Murray South prospects were identified as areas of primary interest. Reprocessing, and reinterpretation of available seismic data took place throughout 2015 & 2016 and this work has confirmed that the Aiambak and Lake Murray East prospects, at least, are candidates for follow up seismic acquisition. This would occur as part of a farm-out program packaged with work in PPL 436.</p> <p>The first exploration term of PPL 435 expired in July 2018. KPL has submitted an extension application and the licence remains on foot and in good standing pending a determination by the PNG Petroleum Minister on the extension application.</p>
PPL 436	Alligator, Barramundi and Sturt	KPL 100%	KPL	<p>The licence is located in the Papuan Basin in Western Province to the south east of PPL 435, covering an area of 13,362 km².</p> <p>An aeromagnetic and aerogravity survey was completed in 2014 and the Alligator, Barramundi and Sturt prospects over the Oriomo High were identified as areas of primary interest. The Oriomo area has multiple Jurassic and Early Cretaceous reservoir targets, at depths up to 1,800m.</p> <p>Along with PPL 435, a major seismic reprocessing exercise was undertaken in 2015 & 2016. The results of this exercise have confirmed the previously assessed prospectivity of the abovementioned prospects with Alligator alone representing a potential closure area of 1000 km². All of the prospects in PPL 436 share geological characteristics with the wet gas discoveries</p>

Licence	Prospect	Ownership	Operator	Overview
				<p>in the Bonaparte Basin in Western Australia, and all have good access points along the Fly River with benign terrain that is conducive to low drilling costs.</p> <p>KPL is reviewing options for a 200 to 300 kilometre seismic survey over the Alligator and (in PPL 435) Aiambak & Aiambak South prospects.</p> <p>The first exploration term of PPL 436 expired in November 2018. KPL has submitted an extension application and the licence will remain on foot and in good standing pending a determination by the PNG Petroleum Minister on the extension application.</p>
PPL 437	Malisa	KPL 57.5%	KPL.	<p>Interpretation of the seismic data acquired in late 2014 confirmed the Malisa prospect as being along trend from, and analogous to, the Tingu structure in adjacent PRL 21. Malisa is a drill-ready prospect but in the current oil price environment and in the absence of a development plan for hydrocarbons in Western Province (such a plan being likely to have PRL 21 as its cornerstone) the economics of drilling it are marginal. It will however be of significant incremental value when proposed infrastructure in the adjacent PRL 21 licence is built as part of an approved development plan. Both KPL and Heritage will continue to evaluate the open file seismic data in the northeast corner of PPL 437 to evaluate prospectivity in this area of the licence.</p>
PRL 21	Elevala/Ketu/Tingu Fields	KPL 16.75%	Horizon Oil Ltd	<p>PRL 21 is located close to existing port and shipping infrastructure between the Strickland and Fly Rivers in the Western Province of PNG covering an area of 730 square kilometres ('km²').</p> <p>Two seismic surveys on the Elevala, Tingu and Ketu structures were completed in 2011 and 2014 to determine the optimal drilling locations for future development and production wells. In March 2014, a petroleum development licence application was submitted to the government of PNG. Pre-FEED (Front End Engineering and Design) work is ongoing and ahead of</p>

Licence	Prospect	Ownership	Operator	Overview
				<p>detailed engineering studies, and the joint venture's focus is on cost reduction to optimise the economics of a likely joint development plan with the PDL 10 joint venture.</p> <p>KPL has undertaken independent studies in respect of development options relating to early liquids production. KPL believes that liquids can be produced economically and with oil prices having rebounded from the lows experienced from late 2014 to early 2017, timing favours parties who can quickly commercialise their opportunities.</p> <p>The initial term of the PRL 21 licence expired in March 2016. However, the licence remains on foot due to a development licence application for PRL 21 that was submitted in March 2014.</p>

As per the Company's ASX announcement dated 29 November 2018, the licence for PRL 38, which KPL previously held an interest in, expired on 28 November 2018. KPL has submitted an application for a new licence covering the blocks contained within the (now former) PRL 38 licence area. A determination in respect of the application will be made by the Minister for Petroleum in accordance with the PNG Oil and Gas Act (1998).

7.4 Strategy

KPL's aim is to build a successful, sustainable oil and gas company, with a PNG focus and sustainable operations, producing strong returns for all of our stakeholders by focusing on the following objectives:

(a) Successful growth through a balanced exploration and production portfolio.

- Mature assets in highly prospective oil play areas proximal to proven areas and infrastructure development opportunities.
- Acquire or participate in well-defined production or near to production assets to achieve commercial cashflows.

(b) Establishment of cashflow through early production of liquids

- The Board's intention is to establish cash flow through the early production of liquids in PRL 21.

(c) Leverage higher risk exploration plays

- Leverage investment in KPL's database and skills to mature large, higher risk, exploration positions through farm-out and other arrangements whilst maintaining meaningful participating interests in these areas.

- Seek joint venture partners with the requisite technical and fiscal capabilities.

(d) Sustainability

- Achieve a sustainable and environmentally sound future in areas of operation.
- Achieve a high level of local participation through employment and investment.
- Focus on the needs of local communities.

(e) Regional Focus

- Continue with PNG as a primary focus of operations with regional participation as opportunities emerge if consistent with KPL's skills and database.

7.5 Key Strengths

(a) Deep Regional Expertise

- Managing Director Richard Schroder's 40+ years of experience extends to both the UK and Norwegian sectors of the North Sea, Africa, Indonesia, PNG, New Zealand and onshore and offshore Australia. Richard has over 30 years of experience as an operator in the lowland and highland jungles of PNG and has managed junior companies such as Sydney Oil Company as well as majors such as Santos in the capacity of Exploration Manager, South East Asia.

Richard has managed drilling of 13 wells in PNG and the Papua Province of Indonesia, resulting in 1 commercial oil field and 3 other oil or gas intersections, and helped pioneer the boutique seismic technology which has been responsible for considerable savings and drilling success.

- Phil Mulacek's PIE Holdings, LP, is a significant shareholder of KPL, and he is committed together with KPL to regional expansion for KPL. Mr Mulacek has over 20 years of experience in oil and gas exploration in PNG, and was the founder of InterOil Corporation, which discovered the world-class Elk and Antelope gas fields in PNG adjacent to KPL's PPLs 338 & 339.

Mr Mulacek's investment provided the company with financial stability during the recent period of industry downturn, and his regional knowledge continues to be leveraged by the company when considering strategic and operational initiatives.

(b) Experienced Board and Management

KPL's Board and management is comprised of individuals with a significant depth of knowledge and experience not only in oil and gas exploration and project development (globally and in PNG) but also the broader business environment of PNG. This places KPL in a position to leverage the experience and relationships of the Board members.

(c) Investment by Phil Mulacek and PIE Holdings LP

On 6 November 2014, Mr Phil Mulacek – the founder and former CEO of InterOil Corporation – through PIE Holdings LP subscribed for 19.9% of KPL's then issued share capital. The entry of PIE Holdings onto the register signalled not only an enhanced certainty of funding for KPL's activities in the near and mid-term moving forward, but also affirmed the quality of its

exploration and development acreage. Mr Mulacek subsequently injected capital, along with other investors, in December 2017, with the proceeds of the capital raise materially contributing to KPL's ability to continue in operation during the recent challenging oil price environment.

(d) Highly Prospective Exploration Acreage

In addition to discovered resources in PRL 21, KPL has participating interests in Licences in significant play fairways of Papua New Guinea. In particular, it holds 100% and 30% participating interests in PPL 338 (and PPLs 581, 596, 597 & 598) and 339 respectively (the interest in PPL 339 is subject to a farmout with Santos). These licences are adjacent to the Elk/Antelope gas field (currently being developed as the Papua LNG project by Total) and the prospects with the licences are on trend and on the same play fairway as Elk/Antelope.

(e) Focus and Commitment to Papua New Guinea

KPL's sole area of operation is Papua New Guinea. This allows KPL to maximise the strategic advantage of the experience of its Board and Management, and also focus on development of community and business relationships within the country, unhindered by the demands of other operating environments. The proposed redomicile to BVI is intended to enhance KPL's ability to access equity investments in international markets with greater depth and liquidity than is currently available to it as a PNG domiciled company and will not affect the company's focus on PNG for its operations.

7.6 Financial position

The net assets of the consolidated Group at 30 June 2018 were US\$32,922,566 (31 Dec. 2017: US\$34,556,022). At 30 June 2018, KPL had a cash balance of US\$7,750,382 (31 Dec. 2017: US\$8,933,365).

Shareholders are reminded that the selected financial information below is a summary only and Shareholders should read the whole of this document and not rely on the key or summarised information.

(a) Condensed Consolidated Statement of Comprehensive Income

KPL's half yearly report for 2018 shows the following Condensed Consolidated Statement of Comprehensive Income for the six months to 30 June 2018:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2018

	2018	2017
	US\$	US\$
Revenue	2,102	2,143
Share-based payments	(33,728)	(47,823)
Administration expenses	(310,843)	(361,428)
Consultancy fees	(148,655)	(192,860)
Foreign exchange losses	(1,385)	(23,068)
Exploration expense	(1,157,320)	(599,112)
Loss before income tax	(1,649,829)	(1,222,148)
Income tax expense	-	-
Loss after income tax	(1,649,829)	(1,222,148)
Other comprehensive income		
Foreign currency translation difference	(17,355)	30,709
Other comprehensive income for the period	(17,355)	30,709
Total comprehensive loss for the period attributable to members of the Parent Entity	(1,667,184)	(1,191,439)

(b) **Condensed Consolidated Statement of Financial Position**

KPL's half yearly report for 2018 shows the following Condensed Consolidated Statement of Financial Position as at 30 June 2018:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	As at 30 June 2018	As at 31 December 2017
	US\$	US\$
CURRENT ASSETS		
Cash and cash equivalents	7,750,382	8,933,365
Trade and other receivables	87,542	116,881
Other current assets	3,702	19,828
TOTAL CURRENT ASSETS	7,841,626	9,070,074
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	26,226,299	25,710,007
Plant and equipment	7,998	11,267
Other non-current assets	317,407	303,800
TOTAL NON-CURRENT ASSETS	26,551,704	26,025,074
TOTAL ASSETS	34,393,330	35,095,148
CURRENT LIABILITIES		
Trade and other payables	762,336	428,310
Provisions	687,493	89,477
TOTAL CURRENT LIABILITIES	1,449,829	517,787
NON CURRENT LIABILITIES		
Provisions	20,935	21,339
TOTAL NON CURRENT LIABILITIES	20,935	21,339
TOTAL LIABILITIES	1,470,764	539,126
NET ASSETS	32,922,566	34,556,022
EQUITY		
Issued capital	53,763,235	53,763,235
Reserves	(49,398)	(65,771)
Accumulated losses	(20,791,271)	(19,141,442)
TOTAL EQUITY	32,922,566	34,556,022

7.7 Material change in KPL's Financial Position since 30 June 2018 accounts

There has been no material change to the Group's financial position since 30 June 2018, except for the expenditure of approximately \$2 million in cash in operating the group since 30 June 2018. Additionally, the company has written off the carrying value of PRL 38 as a result of the licence having expired in November 2018. The carrying value of PRL 38 was approximately \$4.1m and as a result, the balance of Exploration and Evaluation expenditure shown in the statement of financial position above has dropped by approximately this amount (this balance also contains amounts in respect of other licences, for which there has been expenditure since 30 June 2018), and accumulated losses have risen by this amount as a result of a charge to the consolidated statement of comprehensive income.

Copies of KPL's half year financial report for the six months ending 30 June 2018 can also be obtained free of charge on the KPL website or by calling KPL directly on +61 (02) 8247 2500.

7.8 Financial Information

The financial information contained in this Scheme Booklet has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards. These accounting standards will continue to apply following Kina BVI's listing on ASX and POMSoX.

Further, following listing on ASX and POMSoX, Kina BVI's financial statements will be prepared in accordance with International Financial Reporting Standards and Kina BVI's

auditor will audit the financial statements in accordance with International Standards on Auditing.

The financial information contained in this Scheme Booklet is historical only. KPL Shareholders should note that past financial performance is not necessarily a guide to future financial performance.

All references to years are references to KPL's financial years ended 31 December, unless otherwise indicated.

7.9 Board

As at the date of this Scheme Booklet, the Directors are as follows:

Non-executive Directors

Mr David Vance, Non-Executive Chairman

Appointed to the Board on 6 November 2014, and appointed Chairman on 11 September 2017, David is a corporate and project finance attorney and CFA charterholder with over 25 years of experience in Asia and the US. As a partner in private practice with two major US law firms, Mr Vance represented some of the world's largest infrastructure and financial institutions in complex, first-of-its-kind transactions, including numerous "Deals of the Year" for Asia, and was recognised as a leading lawyer for project finance in Japan by an industry publication. He also advised many small and medium size enterprises in a wide range of corporate and financial matters.

Mr Vance moved in-house to InterOil Corporation in 2012 and in 2013, joined Asian Oil & Gas Pte Ltd., an affiliate of PIE Holdings, LP, to focus on upstream oil and gas matters in PNG and the US. Mr Vance received an A.B. from Stanford University and his J.D., with honours, from the University of Texas School of Law. He lives in Singapore.

Dr Ila Temu, Non-Executive Director

Appointed to the Board on 1 June 2011, Ila achieved a distinguished career with the University of Papua New Guinea, the National Research Institution, the Australian National University and the University of California, Davis USA, where he was awarded his PhD. Ila entered the private sector in 1996 when he was appointed Managing Director, Mineral Resources Company and during 2000 he accepted the appointment as General Manager, Government Relations, Placer Niugini Ltd. Ila is President, PNG Chamber of Mines and Petroleum, Director Corporate Affairs, Australia Pacific, for Barrick PNG, Non-Executive Director Bank South Pacific Limited, Chairman of PNG Ports Corporation, Director Bank of South Pacific Capital Port Moresby and Council Member, Divine Word University.

Mr Barry Tan, Non-Executive Director

Appointed to the Board on 1 March, 2009, on the formation of KPL as the Executive Director, Barry Tan is a naturalised citizen of Papua New Guinea and has spent over 35 years in Papua New Guinea developing and operating various businesses in Papua New Guinea. Barry is currently Chairman of TST Trading, Chairman of the TST Group of Companies that span property development and running supermarket franchises in PNG and also diversified industry through Starland Freezers, Tanpac and Kokoda Tailoring.

Barry brings to the Company a wealth of knowledge in understanding the culture of PNG and the most efficient way to run the business. Barry also has a strong network of interpersonal relationships in commerce in PNG through his various associations.

Alain Vinson - Non-Executive Director

Appointed to the Board on 11 September 2017, Mr Vinson is presently the CEO and President of PIE Operating LLC, in Houston Texas, an affiliate of PIE Holdings, LP. He attended Sam Houston State University in Texas where he attained a Bachelor of Science in Business Administration, with an emphasis on management. Alain worked for InterOil Corporation in a variety of roles from 2005 – 2013 where his primary responsibilities included procurement, logistics and project management. His project management skills saw him assume primary responsibility for the co-ordination of InterOil's field activities notably the construction of well sites and the execution and delivery of the civil works programs to support drilling and seismic operations.

Mr Richard Schroder, Managing Director

Appointed as Managing Director on 1 June 2011, Richard Schroder has a Bachelor of Science degree, majoring in Geophysics, from the University of Sydney. He is experienced in Australian and international oil and gas exploration commencing with Conoco in the North Sea in 1975.

Richard's 40+ years of experience extends to both the UK and Norwegian sectors of the North Sea, Africa, Indonesia, PNG, New Zealand and onshore and offshore Australia. Richard has 30+ years of experience as an operator in the lowland and highland jungles of PNG and has managed junior companies such as Sydney Oil Company as well as majors such as Santos in the capacity of Exploration Manager, South East Asia.

Richard has drilled 13 wells in PNG and Papua Province Indonesia, resulting in 1 commercial oil field, and 3 other oil and or gas intersections, and helped pioneer the boutique seismic technology which was responsible for considerable savings and drilling success.

7.10 Senior Management Team

As at the date of this Scheme Booklet, KPL's Executive Directors and senior management team are as follows:

Alex Mitchell, Outgoing Chief Financial Officer and Group Secretary

Appointed as Chief Financial Officer on 1 October 2012 and Group Secretary on 10 June 2016, Alex has a Bachelor of Economics from Macquarie University, is a chartered accountant and chartered secretary with 20+ years of experience in ASX listed organisations in both Corporate and Business unit roles.

He has 19+ years' experience in upstream E&P Finance and Operations management covering PNG, Middle East, Australia, South East Asia and the US. His working background also spans the Chartered Accounting, Health Insurance, Property and Construction Services industries. From 4 March 2019, he will no longer continue to be employed by the business, and the role of Chief Financial Officer and Group Secretary will be undertaken by Geoff Walker.

Geoff Walker, Incoming Chief Financial Officer and Group Secretary

Appointed as Deputy Chief Financial Officer on 1 February 2019, Geoff will assume the role of Chief Financial Officer and Group Secretary on 4 March 2019 upon the departure of Mr Mitchell. Geoff has a Bachelor of Commerce from the University of Tasmania, is a chartered

accountant and member of the Australian Institute of Company Directors. He has 30+ years of commercial experience including as Chief Financial Officer of ASX listed entities for 8+ years as well as in business consulting and senior private practice roles.

John Chan, PNG Operations and Community Affairs Manager

John has more than 30 years' experience in PNG in commerce and been with KPL since May 2008. He handles all local matters and has a great understanding of the PNG culture and its people.

John is an asset to the organisation with his network of relationships in government and commerce in PNG.

Peter Impey, Company Secretary – PNG

Mr Peter Impey is a Certified Practicing Accountant and a full member of The Chartered Institute of Secretaries & Administrators. He holds a Bachelor of Business degree, majoring in Accounting from the University of Southern Queensland and a Graduate Diploma in Fraud Investigation from Charles Sturt University in NSW.

Peter has worked in an accounting environment for over thirty years, and has worked in a Public Accounting Practice in PNG for twelve of the last fifteen years involving preparation of accounts, taxation matters and secretarial responsibilities for companies utilising the registered office.

7.11 Corporate Governance

The Board is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of KPL on behalf of the Shareholders by whom they are elected and to whom they are accountable.

KPL has adopted a comprehensive system of control and accountability as the basis for the administration of corporate governance.

The Board is responsible to Shareholders for the overall management of KPL's business and affairs. The Directors' overriding objective is to increase Shareholder value within an appropriate framework, that protect the rights and interests of Shareholders and ensures KPL is properly managed.

KPL's corporate governance principles and policies are structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**Principles and Recommendations**), which are as follows:

Recommendation 1: Lay solid foundations for management and oversight;

Recommendation 2: Structure the Board to add value;

Recommendation 3: Act ethically and responsibly;

Recommendation 4: Safeguard integrity in corporate reporting;

Recommendation 5: Make timely and balanced disclosures;

Recommendation 6: Respect the rights of security holders;

Recommendation 7: Recognise and manage risk; and

Recommendation 8: Remunerate fairly and responsibly.

There is no prescriptive legislative approach but instead ASX listed companies are required to explain why they choose to depart from the Principles and Recommendations. To the extent that they are relevant to the organisation, KPL has adopted the eight Corporate Governance Principles and Recommendations.

The following policies and procedures have been implemented and are available in full on KPL website at www.kinapetroleum.com:

- **Code of Conduct**

The Code of Conduct was adopted to reflect current business and community expectations. In summary, the Code of Conduct requires that at all times Directors and employees act with the integrity, objectivity and in compliance with the letter and spirit of the law and KPL policies.

The Code of Conduct requires employees who are aware of unethical practices within KPL to report these using the avenues available under the Corporate Governance manual. Employees have direct access to the Executive Directors or, if this would cause a conflict, the chairman of the Board.

- **Board Charter**

The Board Charter sets out the principles for the operation of the Board and the functions and responsibilities of the Board and management of KPL.

- **Nomination and Remuneration Committee Charter**

The Board has not established a Nomination and Remuneration Committee at this point in KPL development. It is considered that the size of the Board along with the level of activity of KPL renders this impractical and the full Board considers in detail all of the matters for which the directors are responsible.

To assist the board in fulfilling its responsibilities, the board has adopted a Nomination and Remuneration charter.

- **Continuous Disclosure Policy and Communication Strategy**

The secretary of the Group is responsible for communication with ASX and POMSIX. This includes ensuring compliance with the continuous disclosure requirements in the ASX and POMSIX Listing Rules and overseeing information disclosure to analysts, brokers, shareholders, the media and general public.

- **Audit and Risk Management Committee Charter**

The process by which KPL manages risk is reviewed by the Audit and Risk Committee and approved by the Board. The program is designed to ensure risks (strategic, operational, legal, reputational and financial) are identified, assessed, addressed and monitored to enable KPL to achieve its business objectives.

The Board receives periodic updates on risk related matters and how these will be managed. The Audit and Risk Committee has the right to appoint external professional advisers to carry out regular investigations into control mechanisms and report their

findings, including recommendations for improvement to controls, processes and procedures, to the Audit and Risk Committee.

- **Share Trading Policy**

Directors and officers are subject to the provisions of the PNG Companies Act and other applicable PNG laws relating to conduct by a person in possession of inside information. A person possesses inside information, if they know, or ought to reasonably know, that if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of KPL's securities.

Directors and officers in possession of inside information are prohibited from trading in KPL's securities.

The Board is responsible for ensuring that management put in place an education program that makes all employees aware of their legal obligations with respect to insider trading.

7.12 KPL's issued securities

As at the date of this Scheme Booklet, KPL's issued securities comprise:

(a) Securities on Issue

Fully paid ordinary shares: 382,752,788

(b) KPL Shares

KPL is under no obligation to issue further KPL Shares before commencement of the Scheme Meeting. There are no arrears in dividends or defaults in principal or interest with respect to any of KPL's outstanding securities.

For the year to date to 15 February 2019, in respect of days on which there was a trade in KPL shares, KPL's daily trading volume on ASX was approximately 150,000 KPL Shares and on POMSoX was approximately 9,000 KPL Shares.

7.13 Disclosure obligations

KPL is subject to regular reporting and continuous disclosure obligations because of its listings on ASX and POMSoX.

In order to comply with its legal and regulatory responsibilities arising from its listings, KPL established its Continuous Disclosure Policy and Communication Strategy as discussed at Section 7.11 above.

Further announcements concerning developments at KPL will continue to be made available on the ASX and POMSoX website after the date of this Scheme Booklet.

Copies of announcements made by KPL can also be accessed on the KPL website, www.kinapetroleum.com.

7.14 Employees

The table below sets out the number of full time employees employed by KPL or its Subsidiaries, during the financial periods stated.

30 June 2018	30 June 2017	30 June 2016
3	3	3

7.15 Incentive Plans

KPL does currently have an employee share option plan. The current employee option plan was adopted just prior to KPL's initial public offering in 2011, and will be terminated. There are currently no options issued under the employee share option plan. Kina BVI will not have an employee share option plan on issue at the time of listing on the ASX.

7.16 Pensions

The consolidated Group makes contributions based on each employee's salary to superannuation plans that provide employees with benefits on retirement in accordance with the requirements of superannuation legislations.

7.17 Dividend Policy

KPL does not expect to pay dividends in the near future.

8. PROFILE OF KINA BVI

8.1 Background

Kina BVI is a public limited company organised under the BVI Business Companies Act. The rights of Kina BVI security holders are primarily governed by the BVI Business Companies Act and Kina BVI's proposed Articles.

8.2 Kina BVI's business

Kina BVI was incorporated for the purpose of "re-domiciling" KPL in the BVI under the Scheme. Accordingly, Kina BVI has not conducted any business other than entering into the agreements and performing the acts summarised in this Scheme Booklet. If the Scheme Resolutions are approved, then Kina BVI's business will consist entirely of the business of KPL, which will become a wholly-owned subsidiary of Kina BVI.

8.3 Kina BVI's Directors and executive officers

Kina BVI's board of directors immediately after the Scheme will be identical to the Board immediately prior to the Scheme.

Kina BVI's executive officers immediately after the Scheme will be identical to KPL's Executives immediately prior to the Scheme, with the exception of Alex Mitchell's resignation.

8.4 Kina BVI's Capital Structure

The table below sets out the proposed capital structure of Kina BVI. After the Scheme is implemented, Kina BVI's free float will be not less than 20%.

	Number of Kina BVI Shares currently on issue	Number of Kina BVI Shares proposed to be issued pursuant to the Scheme	Total Number of Kina BVI Shares on issue on admission if the Scheme is approved
Ordinary Shares	1	12,758,426	12,758,426

Currently, Kina BVI has on issue 1 Subscriber Share. The Subscriber Share is held by Mr David Vance. There are no other securities currently on issue. Following the Scheme becoming Effective, the Subscriber Share will be re-purchased by Kina BVI.

All Kina BVI Shares to be allotted will rank equally in all respects (including with respect to voting rights) with the Subscriber Share from their date of issue.

The rights attaching to Kina BVI Shares arise from a combination of Kina BVI's Articles, the BVI Business Companies Act and the common law.

There are certain important differences between the rights attaching to KPL securities and the rights attaching to Kina BVI securities. There are also a number of significant differences between the laws governing KPL's securities and the laws governing Kina BVI's securities. The

differences between KPL securities and Kina BVI securities, are discussed below and in more detail in the table in **Annexure D**.

8.5 Kina BVI Shares

Kina BVI Shares will generally have the same rights as the KPL Shares. Certain differences exist due to the fact that:

- (a) Kina BVI Shares will have shareholder rights governed by different corporate documents and different laws than those governing the KPL Shares. The primary corporate documents governing Kina BVI shareholder rights will be Kina BVI's Articles, rather than KPL's constitution. The primary laws governing Kina BVI shareholder rights will be BVI companies law, rather than PNG companies law.
- (b) Kina BVI will not be governed by the provisions of the PNG Companies Act and other applicable PNG laws by which KPL is currently governed. Kina BVI will be subject to the BVI Business Companies Act.

Even so, Kina BVI and the Kina BVI Shares will be subject to the ASX and the POMSoX Listing Rules, to which KPL and the KPL Shares are currently subject.

Key differences between the rights of the Kina BVI Shares and the KPL Shares and further details on the differences between Kina BVI's and KPL's governing documents and governing laws are set out in **Annexure D** to this Scheme Booklet. The major differences between Kina BVI's and KPL's governing documents, and the corporations laws applicable to each of them are as follows.

- Kina BVI's governing documents and the BVI Business Companies Act permit Kina BVI to undertake Major Transactions and other business combinations, make amendments to its governing documents and liquidate the company with the approval of a simple majority (i.e. greater than 50%) of the shareholders, whereas such actions require the approval of holders of 75% of KPL's shares.
- Under PNG law a takeovers code may be prescribed by the Minister (although one is yet to be prescribed). The BVI does not have a take-overs code, and neither BVI law nor the Articles restrict the acquisition of Kina BVI's shares based on ownership thresholds applicable to the acquirer. The BVI Business Companies Act provides that the Cabinet may, on the advice of the Commission, make regulations concerning the application of the BVI Business Companies Act to listed companies. No regulations have been made as at the date of this Scheme Booklet.
- There is no requirement for shareholders under BVI laws to disclose details of substantial holdings in listed entities such as Kina BVI. Under PNG law, KPL shareholders are required to disclose details of substantial holdings in listed entities such as KPL and provide any relevant documents which set out the terms of the situation that give rise to the need for substantial holding disclosure.
- In general, Kina BVI has a broader ability to indemnify and insure its directors than KPL does.

8.6 Key terms of proposed Articles of Kina BVI

A summary of the key terms of Kina BVI's proposed Articles is included in the comparison of the PNG and BVI legal regimes set out in **Annexure D**.

8.7 Intentions of Kina BVI

Kina BVI presently intends for its business to consist entirely of the business of KPL, as detailed in Section 8.2 of this Scheme Booklet. Kina BVI intends to continue to operate the business of KPL in the ordinary course, without any changes to the business of KPL or any redeployment of the fixed assets of KPL. Kina BVI does not intend to make any changes to the future employment of the present employees of KPL or its Subsidiaries.

8.8 Pro forma financial statements

Immediately following Implementation, the Kina BVI group will have the same assets and liabilities as KPL had immediately before Implementation. As a result, the pro forma financial position of Kina BVI immediately following Implementation will be the same as the financial position of KPL immediately prior to Implementation. Refer to Section 7.6 for information about the financial position of KPL.

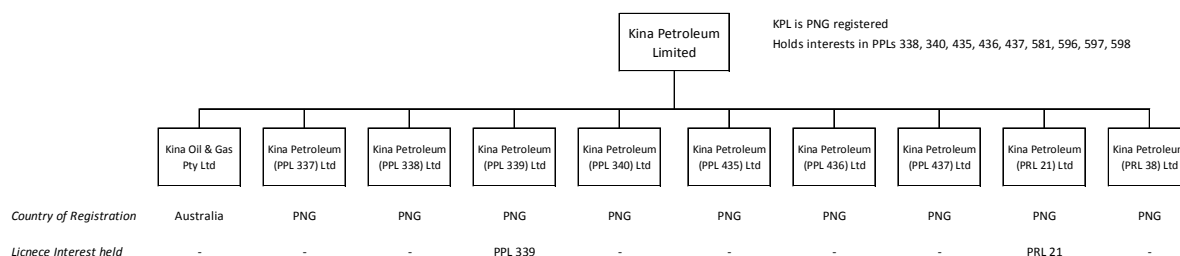
8.9 Kina BVI – Tax treatment in BVI

Under the law of the British Virgin Islands as currently in effect, a holder of our shares who is not a resident of the British Virgin Islands is not liable for British Virgin Islands income tax on dividends paid with respect to our shares, and all holders of our securities are not liable to the British Virgin Islands for income tax on gains realised on the sale or disposal of such securities. The British Virgin Islands does not impose a withholding tax on dividends paid by a company incorporated or re-registered under the BVI Business Companies Act.

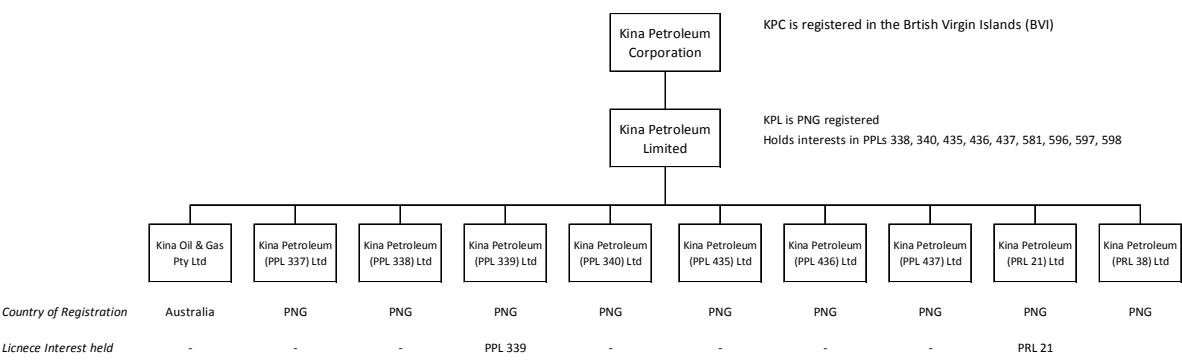
There is no corporate tax in the British Virgin Islands, and the current rate of income taxation applicable to corporations in the British Virgin Islands is zero. In addition, there are no capital gains, gift or inheritance taxes levied by the British Virgin Islands on companies incorporated or re-registered under the BVI Business Companies Act. In addition, securities of companies incorporated or re-registered under the BVI Business Companies Act are not subject to transfer taxes, stamp duties or similar charges.

There is no income tax treaty or convention currently in effect between the British Virgin Islands and Papua New Guinea or Australia. There is a Tax Information Exchange Agreement in force between the British Virgin Islands and Australia.

8.10 KPL group prior to the Scheme



8.11 Kina BVI group after the Scheme



9. RISK FACTORS

As KPL's business will continue to be run on the same basis after Implementation, the risks associated with holding Kina BVI Shares are substantially the same as those associated with holding KPL Shares.

However, there will be certain additional risks associated with, or resulting from, the Scheme which Shareholders should take into account when deciding whether to approve the Scheme, including:

- the effect of different legal regimes on shareholder rights (see the comparison of the PNG and BVI legal regimes set out in **Annexure D**);
- the potential for change in the market value of Kina BVI from the pre-Scheme market value of KPL (for example, there is no certainty that, following Implementation, the Kina BVI Shares will trade at a price 30 times their current value);
- Kina BVI Shares not being admitted to listing on ASX and/or POMSoX;
- the tax implications of the Scheme (see the general guide to the taxation implications of the Scheme for Eligible Scheme Participants set out in Section 11); and
- the potential loss of demand for Kina BVI Shares in the PNG market by virtue of Kina BVI not being a PNG incorporated entity.

This Section does not purport to represent a comprehensive or exhaustive list of factors which influence the risks associated with investing in Kina BVI. Shareholders should:

- satisfy themselves as to the inherent risks associated with the exploration and mining industry in general and those which may be specifically applicable to Kina BVI; and
- carefully examine all other information contained in this Scheme Booklet and consult their advisers before deciding whether to vote in favour of the Scheme Resolutions.

This Section should be read in conjunction with the Scheme disadvantages as set out in Section 6.5.

10. DETAILS OF THE SCHEME

10.1 The Scheme

The Scheme is to effect a re-domicile of KPL through the establishment of a new corporate structure for KPL, as a result of which Kina BVI (a new company incorporated in BVI) will become the ultimate parent company of KPL and its Subsidiaries.

The re-domicile will be effected by way of a Court-approved scheme of arrangement under Part XVI of the PNG Companies Act. Under the Scheme, Shareholders will have all of their KPL Shares transferred to Kina BVI by order of the Court, and in exchange will receive one Kina BVI Share for every 30 KPL Shares held on the Record Date.

10.2 Approvals

The following approvals, among others, must be obtained in order to complete the Scheme.

The Scheme must be approved at a meeting of the holders of KPL Shares by at least 75% of the votes cast by Shareholders entitled to vote and voting on the resolution either in person or by proxy, attorney or (in the case of corporate shareholders) a body corporate representative.

The Scheme must also be approved by the Court, which is scheduled to consider the Scheme at a hearing on Tuesday, 2 April 2019.

10.3 Approvals from PNG Securities Commission

KPL has also applied to the PNG Securities Commission:

- (a) to confirm that the offer pursuant to the Scheme is an excluded offer for the purposes of section 125 and paragraph 16 of Schedule 6 of the Capital Market Act 2015 (PNG);
- (b) for an exemption from certain provisions of the Capital Market Act 2015 (PNG) in relation to the issue of Kina BVI securities pursuant to the Scheme; and
- (c) for an exemption from or approval pursuant to sections 116(1) and 117 of the Capital Market Act 2015 (PNG).

10.4 Summary of Implementation Agreement

KPL and Kina BVI have entered into the Implementation Agreement in connection with the proposed Scheme. The Implementation Agreement sets out the obligations of KPL and Kina BVI in relation to the Scheme.

(a) Conditions

In addition to the Court making orders convening the Scheme Meeting and approval of the Scheme by Shareholders and the Court, the obligations of KPL and Kina BVI to implement the Scheme are subject to the following conditions being satisfied or, where applicable, waived in accordance with the terms of the Implementation Agreement:

- (i) **(ASX Listing)** ASX approves for listing on ASX the relevant Kina BVI Shares, subject only to the Scheme becoming Effective and such other conditions imposed by ASX as are acceptable to KPL and Kina BVI;

- (ii) **(POMSoX Listing)** POMSoX approves for listing on POMSoX the relevant Kina BVI Shares, subject only to the Scheme becoming Effective and such other conditions imposed by POMSoX as are acceptable to KPL and Kina BVI;
- (iii) **(Required Consents)** before 8.00 am on the Second Court Date, all Required Consents that KPL and Kina BVI agree are necessary to implement the Scheme, have been received without the imposition of any term or condition unsatisfactory to the parties acting reasonably;
- (iv) **(No restraints)** as at 8.00 am on the Second Court Date, no temporary restraining order, preliminary or permanent injunction or other order by any court of competent jurisdiction, or any other legal restraint or prohibition from or by any Authority, is in existence that prevents the Scheme from being implemented;
- (v) **(Recommendation)** the KPL Board unanimously recommends that KPL shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and in the absence of the Independent Expert finding that the Scheme is not in the best interests of KPL Shareholders, and not withdrawing or varying that recommendation;
- (vi) **(Independent Expert)** the Independent Expert providing an Independent Expert's Report to KPL that, in the opinion of the Independent Expert, the Scheme is in the best interests of KPL Shareholders;
- (vii) **(Material Contracts)** to the extent that Implementation would require consent or trigger any right of termination or other material right in favour of a person (other than a KPL Group member), or any material liability owed by a KPL Group member, under a key material contract, each required consent, waiver of each such right, and release of each such liability, being obtained (including in favour of the post Scheme entity on terms no more onerous than those applying to KPL) and not withdrawn (and, where given conditionally, subject to conditions acceptable to KPL and Kina BVI);
- (viii) **(Representations)** each representation and warranty of KPL and Kina BVI in clause 9 of the Implementation Agreement is true and correct in all material respects as at 8.00am on the Second Court Date; and
- (ix) **(No Superior Proposal)** as at 8.00am on the Second Court Date, KPL has not entered into any agreement with a third party in relation to a Superior Proposal that has been announced and recommended by the KPL Board.

As at the date of this Scheme Booklet, KPL is not aware of any circumstances which would cause the conditions summarised above not to be satisfied.

KPL will advise Shareholders of the status of the various conditions at the Scheme Meeting.

(b) Termination

The Implementation Agreement may be terminated in certain circumstances, including:

- (i) at any time prior to 8.00 am on the Second Court Date by either party if:

- (A) the other party is in material breach of the Implementation Agreement, provided, that the terminating party must have given notice to the other party setting out the relevant circumstances and stating an intention to terminate, and the relevant circumstances must have continued to exist for five Business Days, or for any shorter period ending at 5.00 pm on the last Business Day before the Second Court Date, from the time such notice is given;
 - (B) the resolution submitted to the Scheme Meeting is not approved by the Requisite Majority;
 - (C) the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, and an appeal (if any) from such Court decision fails;
 - (D) the Court or a Governmental Agency has issued an order, decree or ruling or taken other action which permanently restrains or prohibits the Scheme;
 - (E) any of the Conditions Precedent is not satisfied and has not been duly waived by such time; or
 - (F) the Independent Expert opines that the Scheme is not in the best interest of the Scheme Participants; or
- (ii) at any time by either party if the End Date has passed without the Scheme becoming Effective.

10.5 Scheme

The Scheme sets out the terms of the Scheme. A copy of the Scheme is set out in Annexure B of this Scheme Booklet.

(a) Conditions to Scheme

The Scheme is conditional upon the satisfaction or waiver of all of the conditions set out in clause 2.1 of the Scheme, a summary of which is set out below:

- (i) the satisfaction or waiver of all of the conditions to the Implementation Agreement (summarised in Section 10.4) other than the condition as to Court approval of the Scheme before the Implementation Date; and
- (ii) the Court having approved the Scheme.

(b) No encumbrances on KPL Shares

Shareholders should be aware that clause 3.6 of the Scheme provides that each Scheme Participant is deemed to have warranted to Kina BVI that:

- (i) all of his or her KPL Shares (including any rights and entitlements attaching to those KPL Shares) transferred to Kina BVI under the Scheme will, at the time of the transfer of them to Kina BVI, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of

any kind, whether legal or otherwise, and from any restrictions on transfer of any kind; and

- (ii) he or she has full power and capacity to sell and to transfer his or her KPL Shares (including any rights and entitlements attaching to those KPL Shares) to Kina BVI under the Scheme.

10.6 Deed Poll

Kina BVI has executed a Deed Poll in favour of the Shareholders. Under the Deed Poll, Kina BVI undertakes to issue the Scheme Consideration to the Shareholders in the form of Kina BVI Shares, in accordance with the Scheme.

10.7 Scheme Meeting

The Court has ordered that a meeting of Shareholders be held on Thursday, 21 March 2019.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

For the Scheme to be approved by Shareholders, the relevant resolution must be passed by the Requisite Majority.

10.8 Actions by KPL and Kina BVI to implement Scheme

If the Court approves the Scheme, the Directors and the directors of Kina BVI will take or procure the taking of the steps required for the Scheme to be implemented. These steps will include the following:

- (a) KPL, as soon as practicable after Shareholders have approved the Scheme at the Scheme Meeting, applying to the Court for the Implementation Orders; and
- (b) KPL lodging with the PNG Registrar of Companies a certified office copy of the Implementation Orders within one month of the orders being made.

10.9 Effective Date

The Scheme will become Effective on the date specified in the order of the Court approving the Scheme.

Once the Scheme becomes Effective, KPL and Kina BVI will become bound to implement the Scheme in accordance with its terms.

10.10 Record Date

For the purpose of establishing who are Scheme Participants, dealings in KPL Shares will only be recognised if registrable transmission applications or transfers in respect of those dealings are received on or before 7.00 p.m. on the Record Date at the place where the Share Register is kept.

KPL will not accept for registration or recognise for any purpose any transmission application or transfer in respect of KPL Shares received after 7.00 p.m. on the Record Date.

For the purpose of determining entitlements to the Scheme Consideration, KPL will, until the Scheme Consideration has been issued in accordance with the Scheme, maintain the Share

Register in accordance with the foregoing provisions of this Section, and the Share Register in this form will solely determine entitlements to Scheme Consideration. As from 7.00 p.m. on the Record Date, each entry current on the Share Register will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the KPL Shares relating to that entry.

10.11 Issue of Kina BVI Shares

(a) Certificated Shareholders

Under the Scheme, Eligible Scheme Participants who are on the Share Register as at the Record Date and who hold KPL Shares in certificated form will, if the Scheme becomes Effective, receive Kina BVI Shares.

(b) Ineligible KPL Shareholders

Ineligible KPL Shareholders will receive the proceeds from the sale of their entitlements, net of any brokerage, taxes or other costs of sale (such amounts to be paid in kina). The Sale Agent will receive Kina BVI Shares on behalf of Ineligible KPL Shareholders for sale on market and distribution of net proceeds to Ineligible KPL Shareholders. One Kina BVI Share will be issued for every 30 KPL Shares held by an Eligible Scheme Participant or Ineligible KPL Shareholder at the Record Date.

Neither Kina BVI, KPL nor the Sale Agent will be subject to any liability for the sale of Kina BVI Shares on market on a particular day or at a particular price.

(c) Subscriber Shares

As at the date of the Scheme Booklet, Kina BVI has one Subscriber Share on issue. If the Scheme becomes Effective, the Subscriber Share will be re-purchased by Kina BVI.

10.12 Ineligible KPL Shareholders

Investigating and complying with the potential securities law restrictions in every country in which KPL has Shareholders would be impractical and could be prohibitively costly. Therefore, each Shareholder whose name is recorded in the Share Register as at the Record Date as the legal owner of KPL Shares and whose address is recorded in the Share Register as being outside of Australia, PNG, Hong Kong, Singapore, the UK, New Zealand or the US will not be issued Kina BVI Shares under the Scheme, unless Kina BVI is satisfied, before the Record Date and without being obliged to conduct any investigations into the matter, that such Shareholders lawfully can be issued Kina BVI Shares pursuant to the Scheme.

Instead, Kina BVI Shares that would otherwise have been issued to such Shareholders will be issued to a Sale Agent appointed by Kina BVI that is the holder of an AFSL. Kina BVI will cause the Sale Agent to sell the corresponding Kina BVI Shares on market at such price and on such terms as the Sale Agent determines. The Sale Agent will then distribute the proceeds to the Ineligible KPL Shareholders (calculated on an averaged basis so that all Ineligible KPL Shareholders receive the same price per Kina BVI Shares, subject to rounding to the nearest whole cent) after deduction of any brokerage, taxes or other expenses of sale (such amounts to be paid in Australian dollars).

The market price of Kina BVI Shares is subject to change from time to time. The proceeds of sale distributed to Ineligible KPL Shareholders for Kina BVI Shares may be more or less than the actual price that is received by the Sale Agent for those Kina BVI Shares. None of KPL,

Kina BVI or the Sale Agent gives any assurances as to the price that will be achieved for the sale of Kina BVI Shares on market as described above. Ineligible KPL Shareholders will be able to obtain information on the market price of Kina BVI Shares on www.asx.com.au.

Neither Kina BVI nor KPL or the Sale Agent will be subject to any liability for the sale of Kina BVI Shares on market on a particular day or at a particular price.

Pursuant to the Scheme, all relevant Ineligible KPL Shareholders appoint the Sale Agent as their agent to receive any notice (including any Financial Services Guide and any update of that document) that the Sale Agent or any other document a financial services provider is required to provide under PNG law in connection with the service described above. Any notice received by the Sale Agent as agent for all Ineligible KPL Shareholders will be made available on KPL's website at www.kinapetroleum.com. The notice will also be posted to any of those Ineligible KPL Shareholders who request this in writing.

10.13 Issue of Holding Statements/Transmittal Letters

On the Implementation Date (or before the Implementation Date but subject to the provision of the Scheme Consideration), Kina BVI will procure the entry in the Kina BVI shareholder register of the name of each person entitled to receive Kina BVI Shares under the Scheme.

10.14 Disclosure for US Shareholders

The solicitation of proxies made pursuant to this Scheme Booklet is not subject to the requirements of section 14(a) of the United States Securities Exchange Act of 1934 (the **Exchange Act**). Accordingly, this Scheme Booklet has been prepared in accordance with disclosure requirements applicable in Australia and PNG. KPL Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the US Securities Act and to proxy statements under the US Exchange Act.

The financial information relating to KPL included in this Scheme Booklet has been prepared in accordance with International Financial Reporting Standards and is subject to international auditing and auditor independence standards and thus may not be comparable to financial statements of United States companies.

KPL Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Scheme in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

The Kina BVI Shares to be issued under the Scheme have not been and will not be as part of the Scheme, registered under the US Securities Act of 1933 (the **Securities Act**) or applicable state securities laws, and they may not be offered or sold in the US or to US Persons unless the Kina BVI Shares are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Scheme is not being undertaken in any US state or other jurisdiction where it is not legally permitted to do so.

KPL and Kina BVI intend to rely on an exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof in connection with the consummation of the Scheme and the issuance of the Kina BVI Shares. Approval of the Scheme by the Court will be relied upon by KPL and Kina BVI for purposes of qualifying for the Section 3(a)(10) exemption.

10.15 Notice to Shareholders resident in New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of KPL with registered addresses in New Zealand to whom the offer is being made in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Scheme Booklet has not been registered, filed or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). This Scheme Booklet is not a disclosure document under New Zealand law and is not required to, and may not, contain all the information that a disclosure document under New Zealand law is required to contain.

10.16 Notice to KPL Shareholders resident in Hong Kong

WARNING

The contents of this document have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This Scheme Booklet has not been and will not be registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32 of the Laws of Hong Kong). No shares of KPL or Kina BVI (as applicable) may be offered to the public in Hong Kong, unless the offer falls within one of the exemptions specified in Part 1 of the Seventeenth Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32 of the Laws of Hong Kong).

This Scheme Booklet is provided to you on a confidential basis and solely for your information, and is not to be copied, distributed, published or circulated, or otherwise disclosed, directly or indirectly, to any other person. This Scheme Booklet is not an offer to sell securities or a solicitation of offers to buy securities in Hong Kong.

This Scheme Booklet is not an offer to the Hong Kong public and it should not be passed to any person other than to the intended recipient.

10.17 Notice to KPL Shareholders resident in Singapore

This Scheme Booklet and any other document or material in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of the Kina BVI Shares have not been and will not be registered as a prospectus with the Monetary Authority of Singapore (**MAS**).

This Scheme Booklet and any other document or material in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of Kina BVI Shares may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), including the exemption under section 273(1)(c) of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to Kina BVI Shares being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly. Neither this Scheme Booklet nor any copy of it may be taken or transmitted into any country where the distribution or

dissemination is prohibited. This Scheme Booklet is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person.

If you are in any doubt in relation to this Scheme Booklet or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Nothing in this Scheme Booklet constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

The Company is not in the business of dealing in capital markets products (as defined in the SFA) and does not hold itself out or purport to hold itself out to be doing so and is neither licensed nor exempted from dealing in capital markets products (as defined in the SFA) or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

Where applicable, in connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer hereby notifies all relevant persons (as defined in Section 309A(1) of the Singapore SFA), that the Kina BVI Shares, are “prescribed capital markets products” (as defined in the CMP Regulations 2018).

The Company has no intention to list Kina BVI Shares on any approved exchange (as defined in section 309A of the SFA).

11. TAXATION IMPLICATIONS OF THE SCHEME FOR ELIGIBLE SCHEME PARTICIPANTS

11.1 Certain Australian taxation implications for Eligible Scheme Participants

The following is a summary of the main Australian income tax, stamp duty and goods and services tax (**GST**) consequences for Eligible Scheme Participants that are residents of Australia for Australian tax purposes of disposing of their KPL Shares in exchange for Kina BVI Shares under the Scheme. It is based upon Australian taxation law and administrative practice in effect as at the date of this Scheme Booklet.

This summary applies to Australian tax resident Eligible Scheme Participants who hold their KPL Shares on capital account for Australian income tax purposes. It does not deal with the taxation consequences of disposing of KPL Shares that are held on revenue account or as trading stock, KPL Shares that may be subject to specific tax provisions (eg, the employee share scheme rules) or the implications of disposing of KPL Shares under the taxation laws of countries other than Australia. This summary also does not address Eligible Scheme Participants who are required to, or have elected to, determine the tax treatment of gains and losses for financial arrangements under the Taxation of Financial Arrangements (**TOFA**) regime.

Except where otherwise stated, this summary does not apply to Eligible Scheme Participants that are partnerships or trusts or persons that are partners of such partnerships or beneficiaries of such trusts. If a partnership or a trust is an Eligible Scheme Participant, the partners of such partnership or the beneficiaries of such trust should consult their own tax advisers with respect to the Australian taxation consequences to them of the partnership or the trust (as applicable) participating in the Scheme.

This summary does not constitute tax advice and is intended only as a general guide to the Australian tax implications of participating in the Scheme. It does not consider any specific facts or circumstances that may apply to particular Eligible Scheme Participants. As the tax consequences to Eligible Scheme Participants of participating in the Scheme will depend on each Eligible Scheme Participant's own individual circumstances, all Eligible Scheme Participants are advised to seek their own independent professional advice regarding the Australian and foreign tax consequences of disposing of their KPL Shares based on their own particular circumstances.

(a) Disposal of KPL Shares

(i) General

The disposal of KPL Shares by an Eligible Scheme Participant pursuant to the Scheme will constitute a CGT event. The CGT event will happen at the time that the Eligible Scheme Participant disposes of its KPL Shares under the Scheme, which will be the Implementation Date.

A capital gain or capital loss will arise as a consequence of this CGT event equal to the difference between the capital proceeds that the Eligible Scheme Participant receives or is entitled to receive in respect of the disposal of their KPL Shares and the Eligible Scheme Participant's cost base (or reduced cost base, in the case of a capital loss) in their KPL Shares. An Eligible Scheme Participant will make a capital gain if the capital proceeds exceed the Eligible Scheme Participant's cost base for the KPL Shares and a capital loss if the

capital proceeds are less than the Eligible Scheme Participant's reduced cost base for the KPL Shares.

An Eligible Scheme Participant's capital proceeds should generally be equal to the market value of the Kina BVI Shares received by the Eligible Scheme Participant in respect of the disposal of their KPL Shares. An Eligible Scheme Participant's cost base (and reduced cost base) in the KPL Shares should generally include the amount paid by the Eligible Scheme Participant to acquire their KPL Shares plus any non-deductible incidental costs of acquisition and disposal of the KPL Shares (eg, brokerage fees and stamp duty).

(ii) Scrip for scrip roll-over relief

It is expected that Eligible Scheme Participant who realises a capital gain on the disposal of their KPL Shares should be able to choose scrip for scrip roll-over relief if the following conditions are satisfied:

- the Eligible Scheme Participant and Kina BVI jointly choose to obtain the roll-over; and
- the Eligible Scheme Participant informs Kina BVI in writing of the cost base of its KPL Shares for which the roll-over is chosen.

These conditions, which are discussed further below, are applicable under the law essentially because it is expected that:

- Eligible Scheme Participants will own at least 80% of the KPL Shares just before the Scheme starts and at least 80% of the Kina BVI Shares just after the Scheme is completed; and
- just before the Scheme starts, up to 20 individuals will own between them, directly or indirectly (through one or more interposed entities) and for their own benefit, at least 75% of the KPL Shares.

No ruling will be sought to confirm that scrip for scrip roll-over relief is available under the Scheme and the Australian Taxation Office (ATO) could take the view that it is not available. Accordingly, Eligible Scheme Participants are urged to seek independent professional advice regarding the availability of scrip for scrip roll-over relief based on their own particular circumstances.

(iii) Choosing scrip for scrip roll-over relief

If available, roll-over relief is optional but must be jointly chosen by the Eligible Scheme Participant and Kina BVI.

If roll-over relief is available, an Eligible Scheme Participant must choose whether to obtain the relief by the time it lodges its income tax return for the year ended 30 June 2019. The way in which the Eligible Scheme Participant prepares its income tax return is sufficient evidence of the making of the choice.

Kina KV will choose to obtain the roll-over to the extent that Eligible Scheme Participants complete Part A of the Roll-over Election Form accompanying this Scheme Booklet.

(iv) Informing Kina BVI of the cost base of the KPL Shares

If roll-over relief is available, an Eligible Scheme Participant who intends to choose the relief must inform Kina BVI of the cost base of their KPL Shares. This should be done by completing Part B of the Roll-over Election Form accompanying this scheme booklet.

The completed form should be returned to KPL's Australian Share Registry in accordance with the instructions therein.

If roll-over relief is available and you wish to obtain the relief you should complete and return the form even if you do not vote on the Scheme.

(v) Consequences of choosing scrip for scrip roll-over relief

If scrip for scrip roll-over relief is available and an Eligible Scheme Participant chooses the relief, any capital gain made by the Eligible Scheme Participant on the disposal of its KPL Shares for Kina BVI Shares should be disregarded.

If roll-over relief is available and an Eligible Scheme Participant chooses the relief, the first element of the cost base of each of the Kina BVI Shares received by the Eligible Scheme Participant under the Scheme is worked out by attributing, on a reasonable basis, the existing cost base of the KPL Shares that they exchanged for the Kina BVI Shares to the Kina BVI Shares and for which they obtained the roll-over. The reduced cost base of the Kina BVI Shares is worked out similarly.

For the purposes of determining whether the CGT discount (see below) is available on a subsequent disposal of the Kina BVI Shares, Eligible Scheme Participants should be taken to have acquired their Kina BVI Shares at the time their KPL Shares were originally acquired.

(vi) Consequences if scrip for scrip roll-over relief is not chosen or is not available

If an Eligible Scheme Participant does not choose scrip for scrip roll-over relief, or if the relief is not available or the Eligible Scheme Participant does not qualify for the relief (eg, because the Eligible Scheme Participant makes a capital loss on the disposal of their KPL Shares), the Eligible Scheme Participant will make a capital gain or capital loss on the disposal of their KPL Shares, calculated as described above.

If an Eligible Scheme Participant makes a capital gain and is an individual, a trustee of a trust or a trustee of a complying superannuation entity (**Concessional Taxpayer**) that has held, or is taken to have held, its KPL Shares for at least 12 months (for CGT discount purposes) at the time of the disposal of its KPL Shares, the discount CGT provisions should apply. This means that:

- if the Eligible Scheme Participant is an individual or a trustee of a trust, only one-half of the capital gain will be taxable; and
- if the Eligible Scheme Participant is a trustee of a complying superannuation entity, only two-thirds of the capital gain will be taxable.

The CGT discount is not available to Eligible Scheme Participants that are companies.

If the Eligible Scheme Participant makes a discount capital gain, its available capital losses may be applied to reduce the undiscounted capital gain before either the one-half or one-third (as applicable) discount is applied. The resulting amount is included in the Eligible Scheme Participant's net capital gain for the income year, which forms part of the Eligible Scheme Participant's assessable income for the income year.

If an Eligible Scheme Participant makes a capital loss from the disposal of their KPL Shares, this may be used to offset any capital gains it derives in the same or subsequent years of income (subject to satisfying certain conditions) but cannot be offset against ordinary income nor carried back to offset net capital gains arising in earlier income years.

The first element of the cost base (and reduced cost base) of the Kina BVI Shares received by an Eligible Scheme Participant should be equal to the market value of the KPL Shares it exchanges for the Kina BVI Shares.

The acquisition date of the Kina BVI Shares for Eligible Scheme Participants for CGT discount purposes should be when the Kina BVI Shares are issued to you, namely on (or before) the Implementation Date.

(vii) Conversion to AUD

In calculating your taxable income, any amounts that are expressed in a foreign currency (ie, PGK), must be converted into AUD at the applicable exchange rate. The Australian Taxation Office website (www.ato.gov.au) provides daily exchange rates which may be used to assist you with this calculation.

(b) Ongoing ownership of Kina BVI Shares

On the basis that Kina BVI will not be an Australian resident for tax purposes, Eligible Scheme Participants will own shares in a foreign company. The tax consequences of owning shares in a foreign company are complex and all Eligible Scheme Participants are advised to seek independent professional advice from their own tax adviser regarding the Australian and foreign tax consequences to them of acquiring, holding and disposing of Kina BVI Shares based on their own particular circumstances.

The following is a general summary of the main consequences of acquiring, holding and disposing of Kina BVI Shares.

(i) Taxation on dividends received

Generally, an Eligible Scheme Participant will be required to include in its assessable income the gross amount of any dividends received from Kina BVI when those dividends are paid or credited to them.

If an Eligible Scheme Participant is a company which holds at least 10% of the Kina BVI Shares (directly or through certain partnerships and trusts), dividends received from Kina BVI may be treated as non-assessable non-exempt income if certain conditions are satisfied. These rules are complex,

and Eligible Scheme Participants who may be in this position should consult their own tax adviser to see if the rules may apply to them.

(ii) Foreign income tax

Eligible Scheme Participants may be entitled (subject to certain conditions being satisfied) to obtain a non-refundable tax offset ("foreign income tax offset") for foreign income tax paid on amounts included in their assessable income from the Kina BVI Shares. This offset can reduce the Australian tax payable on the amounts included in an Eligible Scheme Participant's assessable income, subject to an offset limit and certain other conditions being satisfied.

Eligible Scheme Participants should consult their own tax advisers as to the application of the foreign income tax offset rules in their own individual circumstances.

(iii) Future disposals of Kina BVI Shares

On any future disposal of Kina BVI Shares, Eligible Scheme Participants may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the Kina BVI Shares. The cost base and reduced cost base of the Kina BVI Shares are described above.

If an Eligible Scheme Participant is a Concessional Taxpayer, the Eligible Scheme Participant may be entitled to discount CGT treatment in respect of a capital gain made on the disposal of the Kina BVI Shares (see above).

In addition, the capital gain or loss made by certain Eligible Scheme Participants that are companies which hold 10% or more of the shares in Kina BVI may be reduced if certain conditions are satisfied. These rules are complex, and Eligible Scheme Participants who may be in this position should consult their own tax adviser to see if the rules may apply to them.

(iv) Foreign income anti-deferral rules

The Australian tax law contains rules which can operate to tax an Australian resident shareholder on the income of a foreign company even though the shareholder has received no distributions from the foreign company. The principal foreign income anti-deferral rules under current law are the "controlled foreign company" (**CFC**) rules. On 14 December 2013, the Australian Government announced that its proposal to introduce a second set of anti-deferral rules applicable to non-controlling interests in foreign companies (the "foreign accumulation fund" rules) would not proceed.

Eligible Scheme Participants should consult their own tax advisers as to the application of the foreign income anti-deferral rules to their holding of Kina BVI Shares based on their own individual circumstances.

(c) Stamp Duty

No Australian stamp duty will apply to the transfer of the KPL Shares to Kina BVI or the issue of Kina BVI Shares to Eligible Scheme Participants.

(d) GST

The transfer and issue of shares are input taxed financial supplies which do not attract GST. To the extent that a Shareholder incurs Australian GST on acquisitions in connection with the Scheme, such as adviser's fees, they may not be entitled to input tax credits, or only entitled to reduced input tax credits, in relation to that GST.

11.2 Certain PNG taxation implications for Eligible Scheme Participants

The following is a summary of certain of the Papua New Guinea (**PNG**) income tax, stamp duty and goods and services tax (**GST**) consequences for Eligible Scheme Participants of disposing of their KPL Shares in exchange for Kina BVI Shares under the Scheme. This summary is applicable to both PNG residents (or deemed PNG residents) for tax purposes (**PNG Participant**) and non-PNG residents for tax purposes.

This summary is based upon PNG taxation law and administrative practice in effect as at the date of this Scheme Booklet and is based on Kina BVI being a PNG resident for tax purposes by virtue of its central management and control being in PNG. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Papua New Guinea.

This summary applies to Eligible Scheme Participants who hold their KPL Shares on capital account for PNG tax purposes. It does not deal with the taxation consequences of disposing of KPL Shares which are:

- held by banks, insurance companies or financial institutions;
- held in the course of carrying on a business;
- acquired for the purpose of profit making by sale or as part of the carrying out of a profit making undertaking or plan; or
- otherwise held by an Eligible Scheme Participant on revenue account.

This summary also does not apply to KPL Shareholders who hold their shares in KPL Shares or Kina BVI Shares through a branch or permanent establishment in PNG. Eligible Scheme Participants who may be in this position should consult their own tax advisers.

This summary does not constitute tax advice and is intended only as a general guide to the PNG tax implications of participating in the Scheme. It does not consider any specific facts or circumstances that may apply to particular Eligible Scheme Participants. As the tax consequences to Eligible Scheme Participants of participating in the Scheme will depend on each Eligible Scheme Participant's own individual circumstances, all Eligible Scheme Participants are advised to seek independent professional advice regarding the PNG tax consequences of disposing of their KPL Shares according to their own particular circumstances.

(a) Disposal of KPL Shares

There is currently no capital gains tax in PNG. As a consequence, if a Scheme Participant holds KPL Shares on capital account, no PNG income tax will be payable on any capital gain realised by the Scheme Participant (whether a PNG Participant or non-PNG Participant) on the disposal of their KPL Shares, and no deduction will be available in respect of any capital loss.

(b) Ongoing ownership of Kina BVI Shares – PNG residents

In the case of an Eligible Scheme Participant who is an individual holding shares in Kina BVI and is a PNG Participant, the dividends received or deemed to be received on the Kina BVI Shares will be subject to PNG dividend withholding tax and will not be included in computing the individual's assessable income.

In the case of a PNG Participant that is a corporation holding shares in Kina BVI, the gross amount of all dividends to which they are entitled or deemed to be entitled from the Kina BVI Shares will be included in computing the corporation's assessable income. PNG Scheme Participants who hold shares in Kina BVI and who are corporations are generally entitled to rebates against the tax payable on dividends received so that, in effect, in the ordinary course no income tax is paid on dividends received. PNG Participants to whom these rules may be relevant should consult their own tax advisers.

(c) Ongoing ownership of Kina BVI Shares – Non-PNG residents

Dividends received by non PNG participants from Kina BVI will be subject to PNG dividend withholding tax at the rate of 15% of the gross dividend to which they are entitled or deemed to be entitled.

(d) Stamp Duty

As the transfer of KPL Shares will be effected through a PNG share registry, no PNG stamp duty will be payable by Eligible Scheme Participants or Kina BVI on the transfer.

No PNG stamp duty will apply to the issue of Kina BVI Shares to Eligible Scheme Participants.

(e) GST

The transfer and issue of shares is the supply of a financial service which is treated as an exempt supply for GST purposes. Deductions for input tax (such as GST on adviser's fees) are not available to the extent that the input tax is incurred in relation to exempt supplies.

12. ADDITIONAL INFORMATION

12.1 Ranking of the Kina BVI Shares

All Kina BVI Shares to be allotted will rank equally in all respects (including with respect to voting rights) with the Subscriber Share from their date of issue.

Kina BVI has on issue 1 Subscriber Share. The Subscriber Share is held by Mr David Vance. There are no other securities currently on issue. Following the Scheme becoming Effective, the Subscriber Share will be re-purchased by Kina BVI.

12.2 Rights Attaching to the Kina BVI Shares

The rights attaching to Kina BVI Shares arise from a combination of Kina BVI's Articles, the BVI Business Companies Act and the common law.

A summary of the key terms of Kina BVI's proposed Articles is contained in the comparison of the PNG and BVI legal regimes set out in **Annexure D**. It is not intended to be exhaustive or definitive.

12.3 De-listing of KPL from ASX and POMSoX

Trading on ASX and POMSoX of KPL Shares is expected to cease as at the close of trading on the Effective Date. Delisting on ASX and on POMSoX of KPL Shares is expected to occur as at the opening of trading on the Business Day following the Implementation Date.

12.4 Listing of Kina BVI on ASX and POMSoX

It is a condition to the Scheme that the Kina BVI Shares have been conditionally accepted for listing on ASX and POMSoX, subject only to the Scheme becoming Effective and such other conditions imposed by ASX and POMSoX as are acceptable to KPL and Kina BVI.

KPL will submit to ASX and POMSoX its substitution listing applications and substitution listing fees within seven days of the date of this Scheme Booklet, for quotation of the Kina BVI Shares on ASX and POMSoX.

The fact that ASX or POMSoX may admit Kina BVI to its official list is not in any way an indication of the merits of Kina BVI. ASX and POMSoX do not take any responsibility for the contents of this Scheme Booklet.

Subject to successful applications, Kina BVI will be subject to the listing rules of ASX and POMSoX.

12.5 Interests of Directors of KPL

(a) KPL securities held by Directors

As at the date of this Scheme Booklet, the relevant interests of the Directors (within the meaning of the PNG Companies Act in KPL's issued Share capital, which are known to the Directors or could with reasonable due diligence be ascertained by them, all of which are beneficial, are as follows:

Director	KPL Shares
Richard Schroder	15,752,381
Barry Tan	17,735,526
Ila Temu	725,525
David Vance	146,693
Alain Vinson	28,952,614

The effect of the Scheme on the interests of the Directors who hold KPL Shares is the same as its effect on the like interests of other Shareholders.

All Directors who hold or control the right to vote KPL Shares intend to vote in favour of the resolution to approve the Scheme.

(b) Kina BVI securities held by directors

Kina BVI has on issue one Subscriber Share held by Mr David Vance. If the Scheme becomes Effective, the Subscriber Share will be re-purchased by Kina BVI (so that after Implementation, he will hold the same proportion of Kina BVI Shares as he held in KPL).

The non-executive directors, being David Vance, Ila Temu, Alain Vinson and Barry Tan, will be entitled to Kina BVI Shares, subject to shareholder approval, as payment for their services as non-executive directors in KPL. The table below shows the numbers of Kina BVI Shares they were entitled to as at 31 January 2019 and an estimate of what they will be entitled to at the time KPL de-lists (assuming KPL shares cease trading as per the timetable, as well as share trading patterns and prices during February and March 2019 similar to that of January 2019):

Director	Entitlement to Kina BVI Shares at 31.1.19	Estimated entitlement to Kina BVI Shares at 31.3.19
David Vance	19,026	19,209
Alain Vinson	13,613	13,735
Ila Temu	12,610	12,731
Barry Tan	12,610	12,731

12.6 Payments of benefits to Directors, secretaries and executive officers of KPL

No Director, secretary or executive officer of KPL (or any of its related bodies corporate) will receive any payment or other benefit through the Scheme as compensation for loss of, or as consideration for or in connection with his or her retirement from office in KPL or any of its related bodies corporate.

Except as set out below or disclosed elsewhere in this Scheme Booklet, no Director, secretary or executive officer of KPL (or any of its related bodies corporate) will receive any payment or other benefit through the Scheme other than:

- (a) the payment of director's fees or salaries; and
- (b) any allocation of Scheme Consideration to which they are entitled as a Shareholder on equivalent terms to all Scheme Participants.

12.7 Agreements or arrangements with Directors, executives or secretaries

There are no agreements or arrangements between any Director and any other person in connection with, or conditional on, the outcome of the Scheme.

12.8 Interests of Directors in contracts entered into by Kina BVI

No Director has any interest in any contract entered into by Kina BVI.

12.9 Interests of Directors in the Scheme

No Director has any interest in the Scheme other than as set out in Section 12.5.

12.10 Disclosure of benefits

As at the date of this Scheme Booklet, neither KPL nor any Associate of KPL has given or offered or agreed to give to another person a benefit likely to induce the other person, or an Associate of the other person, to vote in favour of the Scheme, excepting any benefits offered to all other Shareholders and any benefits disclosed elsewhere in this Scheme Booklet.

12.11 Effect on Creditors

Kina BVI intends for its business to consist entirely of the business of KPL, as detailed in Section 8.2. Therefore, the Scheme is not expected to have any adverse effect on the interests of KPL's creditors, and no material liability will be incurred by KPL under or by reason of the Scheme, other than the costs of implementing the Scheme.

12.12 Dissenters' rights

Both Shareholders and creditors of KPL who dissent from the Scheme are entitled to oppose Court approval of the Scheme at the Second Court Hearing by filing with the Court and serving on KPL a notice of appearance in the prescribed form, together with any affidavit on which such opposing Shareholders or creditors wish to rely at the hearing. The notice of appearance and affidavit must be served on KPL at least one business day before the date fixed for the Second Court Hearing. The Second Court Hearing is currently expected to be Tuesday, 2 April 2019. Any change to this date will be announced through ASX and POMSoX.

12.13 Other foreign regulatory matters

Neither this Scheme Booklet nor the Scheme constitutes, or are intended to constitute, an offer of securities in any place in which, or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside PNG, and shall not form the basis of any contract.

Ineligible KPL Shareholders will not receive Kina BVI Shares under the Scheme. Instead, Ineligible KPL Shareholders will have their entitlements sold by the Sale Agent on market after Kina BVI Shares commence trading on ASX and POMSoX with the proceeds of sale, net of any brokerage, taxes and other costs of sale, remitted to the Ineligible KPL Shareholders.

Neither Kina BVI, KPL nor the Sale Agent will be subject to any liability for the sale of Kina BVI Shares on market on a particular day or at a particular price.

12.14 ASIC and ASX Waivers

(a) ASIC relief

ASIC has in principle granted a declaration under subsection 741(1)(b) of the Corporations Act modifying sections 708A(12A) and 708A(5) of the Corporations Act such that, in the 12 months following the Implementation Date, the continuous quotation of KPL Shares may be included in the calculation of the 3 month period for the purposes of sections 708A(12A) and 708A(5) of the Corporations Act.

ASIC has also in principle granted a declaration under subsection 741(1)(b) modifying the definition of "continuously quoted securities" for the purposes of Chapter 6D of the Corporations Act such that, in the 12 months following the Implementation Date, the continuous quotation of KPL Shares may be included in the calculation of the 3 month period for the purposes of section 713(1) of the Corporations Act.

(b) ASX waivers and confirmations

ASX has also given Kina BVI the following confirmations and waivers:

- (i) **(information memorandum)** a confirmation that Kina BVI may use this Explanatory Memorandum as an information memorandum for the purposes of its application to list on ASX and ASX will not require Kina BVI to lodge a prospectus or PDS with ASX under Listing Rule 1.1 condition 3;
- (ii) **(Appendix 1A Information Form and Checklist)** confirmation that Kina BVI will not be required to comply with various paragraphs of the Appendix 1A Information Form and Checklist;
- (iii) **(asset or profit test)** a waiver from Listing Rule 1.1 condition 9 to the extent necessary to permit Kina BVI not to comply with Listing Rules 1.2 and 1.3 on the condition that Kina BVI satisfies Listing Rules 12.1 and 12.2 at the time of its admission to the official list of ASX;
- (iv) **(prospectus information)** a waiver from Listing Rule 1.4.1 to the extent necessary to permit the Explanatory Memorandum not to include a statement that it contains all information that would otherwise be required under section 710 of the Corporations Act, on condition that Kina BVI provides a statement to the market that it is in compliance with Listing Rule 3.1 at the time that Kina BVI is admitted to the official list of ASX;

- (v) **(date)** a waiver from Listing Rule 1.4.4 to the extent necessary to permit the Explanatory Memorandum not to include the date on which it was signed;
- (vi) **(capital raising)** a waiver from Listing Rule 1.4.7 to the extent necessary to permit the Explanatory Memorandum not to include a statement that Kina BVI has not raised any capital for the 3 months prior to the date of issue of this Explanatory Memorandum, and will not raise any capital in the 3 months after that date; and
- (vii) **(supplementary information)** a waiver from Listing Rule 1.4.8 to the extent necessary to permit the Explanatory Memorandum not to include a statement that a supplementary information memorandum will be issued if, between the date of issue of this Explanatory Memorandum and the date on which Kina BVI Shares are quoted, Kina BVI becomes aware of the matters referred to Listing Rule 1.4.8.

12.15 Consents and disclaimers of responsibility

(a) Consent to be named

The following persons have given, and have not withdrawn before this Scheme Booklet was provided to KPL Shareholders at the Scheme Meeting, written consent to be named in this Scheme Booklet in the form and context in which they are named:

- (i) Legal Adviser, Australia
Ashurst Australia
Level 11, 5 Martin Place
Sydney NSW 2000
Australia
- (ii) Legal Adviser, PNG
Ashurst PNG
Level 11 MRDC Haus
Musgrave Street, Port Moresby
Papua New Guinea
- (ii) Legal Adviser, USA
Taft, Stettinius and Hollister
425 Walnut Street, Suite 1800
Cincinnati, Ohio 45243
USA
- (iii) Legal Adviser, BVI
Samuels Richardson & Co
Box 3410
Road Town

Tortola
British Virgin Islands

(iv) Independent Expert

BDO

38 Station St
Subiaco WA 6008
Australia

(v) Tax Adviser

PricewaterhouseCoopers

PwC Haus
Level 6, Harbour City,
Konedobu, Port Moresby
Papua New Guinea

(b) Consent to the inclusion of information

The persons named in section 12.15(a) have given, and have not withdrawn before this Scheme Booklet was provided to KPL Shareholders at the Scheme Meeting, written consent to inclusion of the following information in this Scheme Booklet in the form and context in which the information is included, and to all references to such information in this Scheme Booklet in the form and context in which the references appear.

(c) Disclaimers of responsibility

None of the persons named in Sections 12.15(a) above:

- (i) have authorised or caused the issue of this Scheme Booklet; or
- (ii) make, or purport to make, any statement in this Scheme Booklet, or any statement upon which a statement in this Scheme Booklet is based, other than a statement or report included in this Scheme Booklet with the person's consent as expressly specified in this Section 12.15.

Each of the persons named in Sections 12.15(a) above, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet, other than a reference to the person's name in this Section 12.15, or a statement or report that has been included in this Scheme Booklet with the person's consent as expressly specified in this Section 12.15.

12.16 Disclosure of fees and benefits received by certain persons

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet are:

- (a) Ashurst Australia, as the Australian legal advisers to the Company and Ashurst PNG as the PNG legal advisers to the Company;

- (b) PWC, as PNG tax advisers to the Company;
- (c) BDO as the independent expert to the Company; and
- (d) Samuels Richardson & Co, as BVI counsel to the Company.

Each of the above listed persons will be entitled to receive professional fees charged in accordance with their normal basis of charging. If the Scheme proceeds, KPL estimates professional fees to be in the range of **US\$600,000 - 650,000**.

None of the above listed persons have any financial interest in KPL, Kina BVI or the Scheme other than in respect of such professional fees to be received in relation to their work performed on the implementation of the Scheme and the preparation of the Scheme Booklet.

The independent non-executive directors of both KPL and Kina BVI also have received and will receive directors' fees on commercial market terms during their tenures as directors of KPL and Kina BVI.

12.17 Other information

Except as set out in or incorporated by reference in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme that is within the knowledge of any Director or Related Body Corporate of KPL and that has not previously been disclosed to Shareholders.

12.18 Additional information

Additional information regarding KPL may be found on www.kinapetroleum.com. Financial information about KPL is provided in KPL's comparative financial statements and management's discussions and analysis for its most recently completed financial year.

Information regarding KPL (including copies of KPL's consolidated financial statements and management's discussion and analysis for its most recently completed financial year) may be obtained by Shareholders without charge upon written request to KPL's company secretary at info@kinapetroleum.com.

BY ORDER ON BEHALF OF THE BOARD OF KPL



David Vance
Non Executive Chairman
20 February 2019

13. DEFINITIONS AND INTERPRETATION

13.1 Definitions

AFSL means an Australian Financial Services Licence.

Articles means the draft memorandum and articles of association proposed to be adopted by Kina BVI prior to the Implementation Date.

ASIC means the Australian Securities and Investments Commission.

Associate means

- (a) if the primary person is a body corporate, the associate reference includes a reference to :
 - (i) a director or secretary of the body; and
 - (ii) a related body corporate; and
 - (iii) a director or secretary of a related body corporate;
 - (b) if the primary person is a natural person, the associate reference includes a reference to:
 - (i) a person in concert with whom the primary person is acting, or proposes to act; and
 - (ii) a person with whom the primary person is, or proposes to become, associated, whether formally or informally, in any other way;
- in respect of the matter to which the associate reference relates.

ASX means ASX or Australian Securities Exchange.

ASX Listing Rules means the listing rules of the ASX.

AUD, A\$ and \$ means Australian currency, unless the context otherwise requires.

Authority means:

- (a) any government or governmental, semi-governmental or local authority and any department, office, minister, commission, board or delegate or agency of any such government or authority;
- (b) any judicial or administrative entity or authority; and
- (c) any other authority, commission, board agency or other entity established or having power under statute or the listing rules of any recognised exchange.

BDO means BDO Corporate Finance (WA) Pty Ltd.

Board means the Board of Directors of KPL.

Business Day means a day on which trading banks are open for business in Port Moresby, PNG, but does not include a Saturday, Sunday or any public holiday in Port Moresby, PNG.

BVI means the British Virgin Islands.

BVI Business Companies Act means the BVI Business Companies Act 2004.

CEO means chief executive officer.

Certificated Shareholders mean Shareholders that are recorded on the Share Register as holding their KPL Shares in certificated form.

CGT means capital gains tax.

Close of Register means 7.00 p.m. on the Record Date.

Competing Proposal means any expression of interest, proposal, offer, transaction or arrangement which, if either entered into or completed, would result:

- (a) in a third party (other than as nominee, custodian or bare trustee) acquiring an interest of 50% or more of the shares in KPL, acquiring a direct or indirect economic interest in all or a substantial part of the assets or business of KPL, acquiring control (within the meaning of section 50AA of the Australian Corporations Act) of KPL, or acquiring or assuming or otherwise holding a significant beneficial, economic or other interest in KPL or a substantial part of KPL's business or assets, by whatever means; or
- (b) in KPL being required to abandon or otherwise not proceed with the Scheme, by whatever means.

Conditions Precedent means the conditions precedent specified in clause 5.1 of the Implementation Agreement and referred to in Section 10.4.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the National Court of Justice of PNG, or any other court of competent jurisdiction under the PNG Companies Act.

Deed Poll means the Deed Poll dated 15 February 2019 executed by Kina BVI in favour of the Shareholders covenanting to provide the Scheme Consideration and to do all things necessary or expedient on its part to implement the Scheme as set out in **Annexure C**.

Director means a director of KPL.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 250(3) and 251(2) of the PNG Companies Act, of the Implementation Orders.

Effective Date means, when used in relation to the Scheme, the coming into effect, pursuant to sections 250(3) and 251(2) of the PNG Companies Act, of the orders of the Court made under sections 250(1) and 251(1) of the PNG Companies Act, in relation to the Scheme.

Eligible Jurisdiction means Australia, PNG, Hong Kong, the UK, Singapore, New Zealand or the US.

Eligible Scheme Participant means a Scheme Participant who is not an Ineligible KPL Shareholder.

End Date means 30 June 2019, or such later date as Kina BVI and KPL may agree in writing.

First Court Date means the date on which the First Court Hearing was held.

First Court Hearing means the Court hearing on the First Court Date at which the Court ordered the convening of the Scheme Meeting pursuant to section 250 of the PNG Companies Act.

Governmental Agency means any government or governmental, semi-governmental, administrative, financial, regulatory or judicial entity or authority. It also includes a self-regulatory organisation established under a statute or stock exchange.

Group or **KPL Group** means KPL and its Subsidiaries.

Implementation means the issuing of the Scheme Consideration to Scheme Participants and the transfer of all KPL Shares to Kina BVI pursuant to the Scheme. A reference to **Implement** or **Implemented** has a corresponding meaning.

Implementation Agreement means the Implementation Agreement dated 15 February 2019 between Kina BVI and KPL relating to the implementation of the Scheme, as amended, included as **Annexure G** to this Scheme Booklet.

Implementation Date means the date falling 5 Business Days after the Record Date or such other date as Kina BVI and KPL may agree in writing.

Implementation Orders means the orders pursuant to sections 250(3) and 251(2) of the PNG Companies Act to give effect to the Scheme, and any orders pursuant to give effect to such incidental, consequential and supplemental matters as are necessary to ensure that the Scheme is fully and effectively carried out.

Independent Expert means BDO.

Independent Expert's Report means the report of the Independent Expert included as Annexure A of this Scheme Booklet.

Ineligible Jurisdiction means any jurisdiction which is not an Eligible Jurisdiction.

Ineligible KPL Shareholder means each Shareholder whose name is recorded as the legal holder of KPL Shares in the Share Register as at the Record Date and whose address is recorded in the Share Register as at the Record Date as being a place outside Australia, PNG, Hong Kong, the UK, Singapore, New Zealand or the US, unless Kina BVI is satisfied, before the Record Date and without being obliged to conduct any investigations into the matter, that such Shareholders lawfully can be issued Kina BVI Shares pursuant to the Scheme.

Kina BVI means Kina Petroleum Corporation, a company limited by shares incorporated under the laws of BVI on 1 October 2015 with its registered office at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, VG1110, Virgin Islands, British and having registration number 1892389.

Kina BVI Share means a fully paid share in Kina BVI to be issued in connection with the Scheme.

KPL or the **Company** means Kina Petroleum Limited.

KPL Share means a fully paid share in KPL.

LNG means liquefied natural gas.

Major Transaction has the meaning given to it under the PNG Companies Act.

Member means each holder of a Kina BVI Share.

Notice of Scheme Meeting means the notice of Scheme Meeting set out in Annexure E.

Oil Search means Oil Search (PNG) Limited.

PNG means Papua New Guinea.

PNG Companies Act means the *Companies Act 1997* of PNG.

PNG Registrar of Companies means the Registrar appointed pursuant to section 394(1) of the PNG Companies Act.

PNG Securities Commission means the Securities Commission of PNG established under the *Securities Commission Act 2015* of PNG.

POMSoX means the Port Moresby Stock Exchange Limited.

POMSoX Listing Rules means the listing rules of POMSoX.

PPL means Petroleum Prospecting Licence.

PRL means Petroleum Retention Licence.

Proxy Form means the proxy form attached to the Notice of Scheme Meeting.

PWC means PricewaterhouseCoopers.

Record Date means the third Business Day following the date on which the Scheme becomes Effective, or such earlier date as Kina BVI and KPL may agree to in writing.

Related Body Corporate has the meaning given in the PNG Companies Act.

Relevant Instrument means, with respect to any person:

- (a) the certificate of incorporation, the constitution, the bylaws or other charter documents of that person;
- (b) any agreement, note, bond, security interest, indenture, deed of trust, contract, undertaking, lease or other instrument or obligation to which that person is a party, or by which its assets are bound or affected;
- (c) any authorisation, licence, permit or authority granted to or entered into by that person and that is material in the context that it is granted or entered into; or
- (d) any writ, order, decree, injunction, judgment, law, statute, rule or regulation applicable to that person or its assets, or by which it or they are bound or affected.

Remuneration Committee means the Remuneration Committee of the Board.

Required Consents means the consent, approval, permission or waiver of any third party (including any Governmental Agency) which, whether pursuant to a Relevant Instrument or

otherwise, is required in connection with, or as a result of, the proposal or implementation of the Scheme in order to avoid:

- (a) a material breach, material violation or material default occurring under a Relevant Instrument applicable to any party or any of its associates;
- (b) any other person becoming entitled to terminate, withdraw, accelerate or call for a material default under a Relevant Instrument applicable to any party or any of its associates;
- (c) any other person becoming entitled to amend the terms of a Relevant Instrument in a way which would materially adversely affect any party or any of its associates or which enables that other person to acquire any other right which would materially adversely affect any party or any of its associates; or
- (d) the creation of any security interest upon any of the assets or properties of any party or any of its associates.

Requisite Majority means in relation to a resolution to be put to a Scheme Meeting, a resolution, approved by at least 75% of the votes cast by Shareholders entitled to vote and voting on the resolution either in person or by proxy, attorney or (in the case of corporate shareholders) a body corporate representative.

Restructure means the corporate restructure to re-domicile the Group to BVI, to be achieved by way of the Scheme, and subsequent listing of Kina BVI on the ASX and POMSoX.

Roll-over Election Form means the form contained in Annexure F.

Sale Agent means Pacific Custodians Pty Ltd, being a nominee for foreign holders of Kina BVI Shares appointed by KPL who is the holder of an AFSL, for the sale of the Kina BVI Shares that would otherwise have been issued to Ineligible KPL Shareholders.

SCH Business Rules means the Securities Clearing House Business Rules.

Scheme means the proposed scheme of arrangement under Part XVI of the PNG Companies Act between KPL and the Shareholders in the form of **Annexure B**, subject to any alterations or conditions made or required by the Court under section 251 of the PNG Companies Act and approved in writing by each party.

Scheme Booklet or **Booklet** means this booklet, providing information to assist Shareholders in deciding how to vote on the Scheme.

Scheme Consideration means the consideration Shareholders are to receive under clause 9.10(b) of the Scheme.

Scheme Meeting means the meeting of Shareholders ordered by the Court to be convened pursuant to section 250(2) of the PNG Companies Act.

Scheme Participant means each person who is a Shareholder as at the Close of Registers on the Record Date.

Scheme Resolutions means the resolution set out in the Notice of Scheme Meeting to approve the terms of the Scheme.

SEC means the US Securities and Exchange Commission.

Second Court Date means that day on which an application made to the Court for orders approving the Scheme pursuant to section 250(2) of the PNG Companies Act is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Second Court Hearing means the Court hearing to be held on the Second Court Date at which the application to the Court to approve the Scheme is heard.

Securities Act means the US Securities Act of 1933.

Share Register means the register of members of KPL maintained in accordance with the PNG Companies Act.

Share Registry means the corporate registry for KPL, being:

- (a) in the case of Australia, Kina Petroleum Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235; and
- (b) in the case of PNG, Kina Petroleum Limited, C/- PNG Registries Limited, PO Box 1265, Port Moresby, NCD, Papua New Guinea.

Shareholder or **KPL Shareholder** means each person who is registered in the Share Register of KPL as the holder of KPL Shares.

Subscriber Share mean the 1 fully paid ordinary share in the capital of Kina BVI to effect incorporation of Kina BVI.

Subsidiaries means the wholly owned subsidiaries of KPL.

Superior Proposal means a bona fide Competing Proposal that the Board considers to be more favourable to the Shareholders than the Scheme taking into account its fiduciary and statutory duties and based on a qualitative assessment of the identity, reputation and standing of the party making the Competing Proposal.

UK means the United Kingdom.

US means United States of America.

US Person has the meaning in Regulation S under the Securities Act.

US\$ means US currency.

13.2 Glossary of Abbreviations and Technical Terms

PPL – Petroleum Prospecting Licence

PRL – Petroleum Retention Licence

13.3 Interpretation

In this Scheme Booklet (other than the Annexures):

- (a) All dates and times are in Port Moresby, PNG time unless otherwise indicated.
- (b) Words and phrases not otherwise defined in this Scheme Booklet have the meanings given to them under the PNG Companies Act.

- (c) The singular includes the plural and vice versa. A reference to a person includes a reference to a corporation.
- (d) Headings are for ease of reference only, and do not affect the interpretation of this Scheme Booklet.
- (e) A reference to a Section is to a section in this Scheme Booklet unless stated otherwise.

Corporate Directory

DIRECTORS

Mr Richard Schroder
Dr Ila Temu
Mr Barry Tan
Mr David Vance
Mr Alain Vinson

COMPANY SECRETARY

Mr Peter Impey

REGISTERED OFFICE

Level 10, MRDC Haus
Cnr of Champion Pde and Musgrave St
Port Moresby, NCD
Papua New Guinea

AUDITORS

PricewaterhouseCoopers
PwC Haus
Level 6, Harbour City
Konedobu
Port Moresby, NCD 125
Papua New Guinea

LEGAL ADVISORS

Australia
Ashurst Australia
Level 11, 5 Martin Place
Sydney
New South Wales 2000

Papua New Guinea
Ashurst PNG
Level 11, MRDC Haus
Musgrave St
Port Moresby NCD 125
Papua New Guinea

United States of America
Taft Stettinius & Hollister LLP
425 Walnut Street
Suite 1800
Cincinnati, OH 45202-3957

British Virgin Islands
Samuels Richardson & Co
Box 3410
Road Town
Tortola
British Virgin Islands

Annexure A

INDEPENDENT EXPERT REPORT



KINA PETROLEUM LIMITED **Independent Expert's Report**

13 February 2019



Financial Services Guide

13 February 2019

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Kina Petroleum Limited ('Kina' or 'the Company') to provide an independent expert's report on the proposed scheme of arrangement between Kina and the holders of Kina's ordinary shares. You will be provided with a copy of our report as a retail client because you are a shareholder of Kina and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Scheme Booklet required to be provided to you by Kina to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd in relation to the preparation of this report over the past two years has been approximately \$30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Kina.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Kina for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution*Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('FOS') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

13 February 2019

The Directors
Kina Petroleum Limited
Suite 209
111 Harrington Street
SYDNEY NSW 2000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

The directors of Kina Petroleum Limited ('Kina' or the 'Company') have resolved to propose to Kina shareholders ('Shareholders') a restructure of Kina by means of a scheme of arrangement under Part XVI of the *Companies Act 1997 (Papua New Guinea)* ('PNG Companies Act') ('the Scheme'). The effect of which will be to make Kina a wholly-owned subsidiary of a newly formed British Virgin Islands ('BVI') incorporated company, to be named Kina Petroleum Corporation ('Kina BVI').

If Shareholders approve the Scheme, all ordinary shares held by Shareholders will be exchanged for shares in Kina BVI on the basis of one Kina BVI share for every 30 Kina shares held as at the record date of the Scheme.

All monetary amounts in this report are expressed in Australian Dollars (A\$) unless stated otherwise.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Kina have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Scheme is in the best interest of Shareholders.

Our Report is to be included in the Scheme Booklet which will be provided to Shareholders pursuant to Part XVI of the PNG Companies Act and has been prepared in order to assist the Shareholders in their decision on whether to approve the Scheme.

2.2 Approach

We note that the PNG Companies Act does not statutorily require the preparation of an independent expert's report, and there are no guidelines for preparing such a report under the PNG Companies Act. Nonetheless, the Directors of Kina have requested BDO to prepare an independent expert's report as if the Scheme will be effected under Australian laws.

As such, our Report has been prepared having regard to Australian disclosure guidelines as outlined in Australian Securities and Investments Commission ('ASIC') Regulatory Guide 60 'Schemes of Arrangements' ('RG 60'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

ASIC's regulatory guides do not specify the basis of evaluation for a change of domicile transaction but does indicate that the basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction, that is, the expert must consider the substance of the proposed transaction and not the legal form when evaluating the proposed transaction.

Upon implementation of the Scheme, there will be no change in the economic interests of Shareholders in eligible jurisdictions, who effectively retain their interests in the assets of Kina by way of an interposed entity. The Scheme merely represents a restructure changing the geographic location of the incorporation of the entity and as such we do not consider it appropriate to analyse the Scheme as a control transaction.

RG 111 provides further guidance on forming an opinion as to whether a transaction is in the best interests of security holders. The range of transactions regulated by RG 111 includes transactions not involving a change of control, such as demergers and demutualisations. RG 111 indicates that for these types of transactions the issue of value is of secondary importance and the expert should provide an opinion as to whether the advantages of the transaction outweigh the disadvantages. It provides that if the demerger or demutualisation involves a scheme of arrangement and the expert concludes that the advantages of the transaction outweigh the disadvantages, the expert should conclude that the scheme of arrangement is in the best interests of shareholders.

Based on the guidance provided by RG 111, we consider the most appropriate approach to assess whether the Scheme is in the best interests of Shareholders is to consider whether the advantages of the Scheme outweigh the disadvantages.

As such, in arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. In particular, we have considered:

- the advantages and disadvantages of the Scheme;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- the position of Shareholders should the Scheme not proceed.

2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of any other relevant information, the advantages of approving the Scheme outweigh the disadvantages and therefore the Scheme is in the best interests of Shareholders.

The respective advantages and disadvantages and other matters that we considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
9.1.1.	Potential access to new funds	9.2.1.	BVI Companies Act provides less protection for Shareholders
9.1.2.	More flexible corporate and regulatory framework	9.2.2.	Ineligible shareholders will not be able to receive Kina BVI shares
		9.2.3.	Increased costs associated with maintaining a register in BVI and adhering to BVI laws

2.4 Other considerations

We have also considered the following other factors in determining whether the Scheme is in the best interests of Shareholders:

Section	Description
9.3.1.	Position of Shareholders if the Scheme is not approved
9.3.2.	Impacts on investment portfolios and risk preferences
9.3.3.	Effective consolidation of shares
9.3.4.	Liquidity of Kina BVI shares
9.3.5.	Tax implications

3. Scope of the Report

3.1 Purpose of the Report

The Scheme is to be implemented pursuant to Part XVI of the PNG Companies Act. The PNG Companies Act does not require the preparation of an independent expert's report in relation to a scheme effected under the PNG Companies Act, and we understand that there is no other listing rule or statutory requirement for an independent expert's report to be prepared. We do however note that under Section 250 of the PNG Companies Act, the Court may make an order requiring that a report on the Scheme be prepared for the Court by a person specified by the Court and provided to Shareholders.

Given that in this instance there is no particular requirement for an independent expert's report, nor are there any guidelines for preparing such a report under the PNG Companies Act, the directors of Kina have requested BDO to prepare an independent expert's report as if the Scheme will be effected under Section 411 of the *Corporations Act 2001 (Cth)* ('Corporations Act' or 'the Act').

Part 3 of Schedule 8 to the *Corporations Regulations 2001 (Cth)* ('Regulations') prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411 of the Corporations Act ('Section 411').

An independent expert's report must be obtained by a scheme company if:

- there are one or more common directors; or
- the other party to the scheme holds 30% or more of the voting shares in the scheme company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company subject of the scheme, and setting out his or her reasons for that opinion.

In the case of Kina, the requirement arises as Kina BVI (the other party) will acquire all of the ordinary shares of Kina (the company which is the subject of the Scheme) and it will retain common directors.

3.2 Regulatory guidance

Neither the Corporations Act nor the Regulations defines the term 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available.

The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

In determining whether the advantages of the Scheme outweigh the disadvantages, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide suggests that an opinion as to whether the advantages of a transaction outweigh the disadvantages should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect it.

We have considered the Scheme in the context of Shareholders as a whole. We have not considered the effect that the Scheme may have on individual shareholders and their specific circumstances. Individual shareholders will have different investment and risk profiles, which may result in the Scheme affecting them differently. Accordingly, what might be in the best interests of Shareholders as a whole, may not be in the best interests of an individual Shareholder.

3.3 Adopted basis of evaluation

RG 111 suggests that the main purpose of an independent expert's report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the transaction.

Having regard to RG 111, we have completed our Report as follows:

- an investigation into the advantages and disadvantages of the Scheme (Sections 9.1 and 9.2);
- an analysis of any other issues that could be reasonably anticipated to concern Shareholders as a result of the Scheme (Section 9.3); and
- a consideration of whether the Scheme is in the best interest of Shareholders.

4. Outline of the Scheme

The directors of Kina have proposed to resolve the restructure of Kina by means of a scheme of arrangement for Shareholders. The Scheme will involve the establishment of a new corporate structure for Kina, under which a BVI incorporated company, Kina BVI, will become the ultimate parent company for Kina and its subsidiaries.

The Scheme will be effected by way of a Court-approved scheme of arrangement under Part XVI of the PNG Companies Act. Under the Scheme, Shareholders will have their shares transferred to Kina BVI by order of the Court, and in exchange will receive one Kina BVI share for every 30 shares held in Kina as at the record date of the Scheme. In effect, Shareholders will have the same proportionate investment in, and exposure to the underlying business and assets of Kina through the Kina BVI shares.

If the Scheme is approved, Kina will be delisted from the Australian Securities Exchange ('ASX') and the Port Moresby Stock Exchange ('POMSoX'), and in its place Kina BVI will apply to be listed on the ASX and POMSoX.

Noting the above, the key resulting implication of the Scheme is that Shareholders will hold shares in a substantially similar entity, but through a BVI incorporated company rather than a Papua New Guinea ('PNG') incorporated company. The constitutional documents of Kina BVI provide Shareholders with protections that are largely similar to those provided the Kina constitution.

In order to complete the restructure, the Scheme must be approved by Shareholders by the requisite statutory thresholds and subsequently by the Courts.

The Scheme is subject to various conditions including:

- the ASX approving for listing on the ASX of the relevant Kina BVI shares subject to the Scheme becoming effective;
- the POMSoX approving for listing on POMSoX of the relevant Kina BVI shares subject to the Scheme becoming effective; and
- Kina BVI appointing a nominee and the nominee having agreed to sell all Kina BVI shares in respect of the entitlements for ineligible foreign shareholders.

Ineligible Foreign Shareholders

Each Shareholder whose address is recorded in Kina's share register as being outside of Australia, New Zealand, PNG, Hong Kong, Singapore, the UK or the United States will not receive Kina BVI shares under the Scheme.

Instead, Kina BVI shares that would otherwise have been issued to such ineligible foreign shareholders will be issued to a nominee appointed by Kina BVI that is the holder of an Australian Financial Services Licence. Kina BVI will cause the nominee to sell those Kina BVI shares on market at such price and on such terms as the nominee determines. The nominee will then distribute the proceeds to the ineligible foreign shareholders (calculated on an average basis so that all ineligible foreign shareholders receive the same price per Kina BVI share) after deduction of any brokerage, taxes or other expenses of sale.

We note that neither Kina, nor Kina BVI, nor the nominee gives any assurances as to the price that will be achieved for the sale of the Kina BVI shares on market as described above.

5. Profile of Kina

5.1 History and Overview

Kina is a PNG registered company that was incorporated on 19 May 2008 to apply for and acquire oil and gas exploration and production concessions in PNG. In November 2011, Kina lodged its prospectus seeking to raise A\$12.5 million (before costs) with the respective regulatory bodies to seek admission to the official lists of the ASX and the POMSoX. Since its listings on the ASX and POMSoX, Kina has remained an oil and gas company seeking to explore and develop oil and gas assets located in PNG.

Kina has its head offices located in Port Moresby, PNG, and in Sydney, Australia.

Kina's current board of directors and key management personnel includes:

- Mr David Vance - Non-Executive Chairman;
- Mr Richard Schroder - Managing Director;
- Mr Barry Tan - Non-Executive Director;
- Mr Alain Vinson - Non-Executive Director;
- Dr Ila Temu - Non-Executive Director;
- Mr Alex Mitchell - Chief Financial Officer and Group Secretary. (Mr Mitchell has resigned from Kina Petroleum Limited and his role will be assumed by Mr Geoff Walker with effect from 4 March 2019); and
- Mr John Chan - Country Manager (PNG).

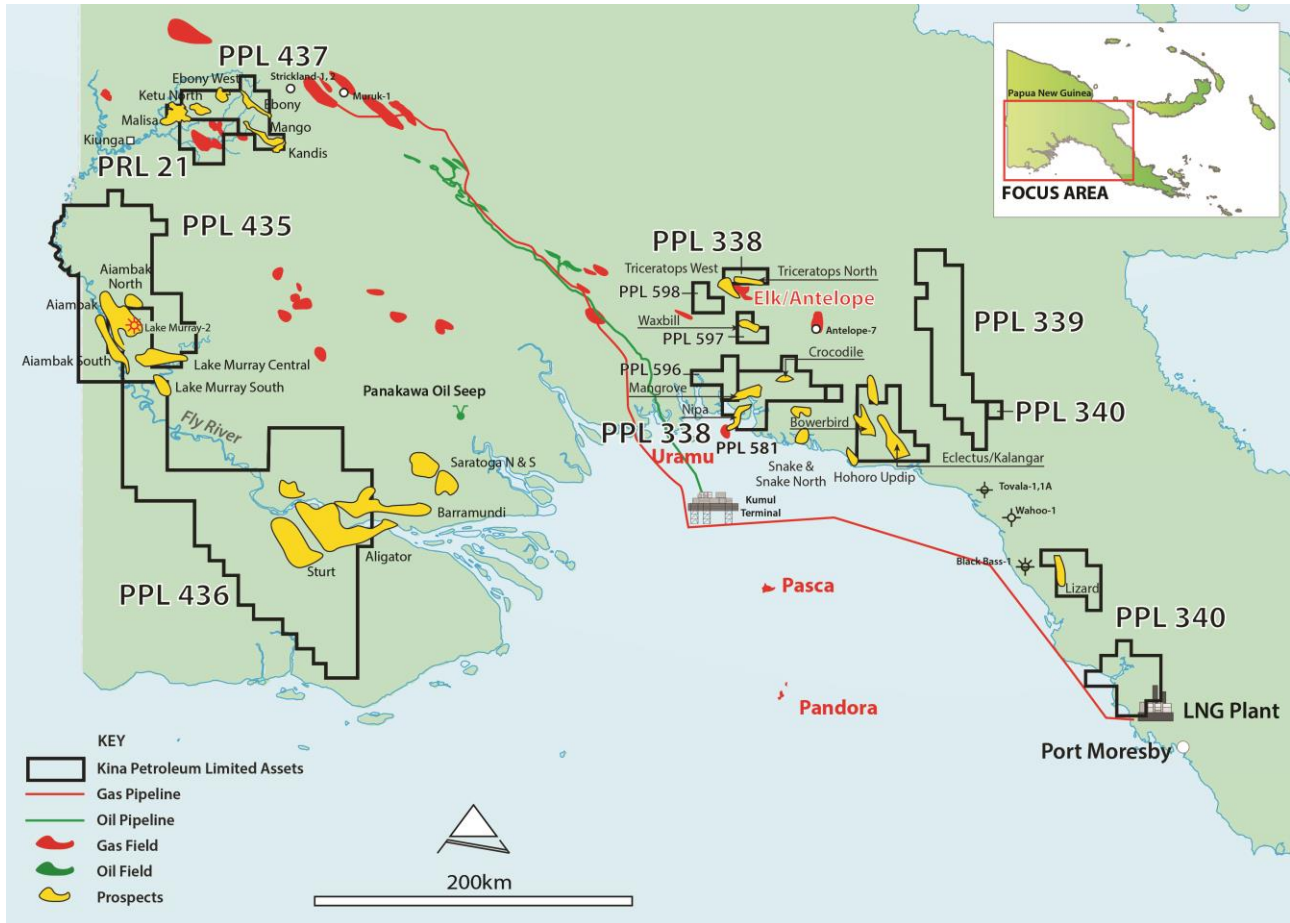
By way of a corporate presentation in June 2015, Kina advised of its plans to restructure to promote greater access to capital from North American and European investors. The proposed change in domicile from PNG and the restructure would facilitate the potential future listing of Kina BVI's securities on a leading North American stock exchange, with these activities representing a continuation of Kina's proposed strategy to seek greater access to capital.

The Company's latest capital raising was undertaken in December 2017, whereby a total of 75 million shares were issued to strategic and sophisticated investors at a subscription price of \$0.07178 per share. Total funds received under the placement totalled \$5.38 million, which was applied to Kina's ongoing working capital requirements, particularly for its two key retention licences which were PRLs 21 and 38 where pre-development work was ongoing. Further, the funds would allow the company to capitalise on selected exploration opportunities, including potential near term activities in relation to its Petroleum Prospecting Licence ('PPL') 338 and PPL 339 licences.

As part of keeping with its policy of limiting exposure to high risk exploration activity, Kina initiated a multi-licence farm out effort at the PNG Chamber of Mines and Petroleum Conference held in Port Moresby in November 2017.

5.2 Key Projects

Kina has interests in various licences in PNG as illustrated in the figure below.



Source: Kina Management

PRL 21 (16.75% interest, operated by Horizon Oil Limited)

PRL 21 is located close to existing port and shipping infrastructure between the Strickland and Fly Rivers in the Western Province of PNG covering an area of 730 square kilometres ('km²').

Kina's interest in PRL 21 is governed by a Joint Operating Agreement. The other parties to the Joint Operating Agreement include Horizon Oil (Papua) Limited (30.15% and operator), Repsol Niugini Limited ('Repsol') (35.1%) and Osaka Gas (18.0%).

In July 2017, the PRL 21 joint venture received confirmation of ministerial approval of the withdrawal of Mitsubishi Corporation ('Mitsubishi') from the licence. The re-distribution of Mitsubishi's equity saw Kina's participating interest in PRL 21 increase from 15% to 16.75%.

Petroleum Prospecting Licenses 338, 581, 596, 597 and 598 (100% interest in each)

The Petroleum Prospecting License ('PPL') 338 was awarded to Kina on 2 September 2009 and expired on 1 September 2015. As required by the PNG Oil and Gas Act (1998) upon expiry of the first term of an exploration licence, Kina relinquished 50% of the then existing licence area and applied to extend its tenure over the remaining 50%.

The retained 50% of the original licence area was extended, as PPL 338, for a period of five years commencing 31 January 2017. The relinquished 50% of the original licence area was applied for as a series of new, separate blocks. These blocks were awarded to Kina as PPLs 581, 596, 597 and 598, each with six-year licence terms. PPL 581 has a start date of 31 January 2017, whilst PPLs 596, 597 and 598 have effective start dates of 31 March 2017.

As a result of these licence awards and extensions, Kina has retained a 100% interest in the original PPL 338 licence area ('Licence Areas').

The Licence Areas are in close proximity to existing infrastructure, roughly 75 km southeast of the Gobe oil fields (operated by Oil Search) and 30 km west of the Elk/Antelope gas discoveries, which will be developed in the early 2020s to contribute to the expansion of Papua New Guinea's LNG export capacity.

With the Licence Areas secured, the Company has a platform on which to build a farm-out program which it will be actively pursuing over the next six to twelve months. The key feature of this program will be these licences' proximity to the development activity of the fields (Elk/Antelope) that will underpin the next stage Papua New Guinea's LNG export capacity.

PPL 339 (30% interest via farm-in with Oil Search)

On 2 September 2009, Kina was awarded a 100% working interest in PPL 339. The licence is located onshore in the eastern Papuan Basin of Gulf, Morobe, Eastern Highlands and Simbu Provinces, covering an area of 8,019 km².

In October 2010, Kina entered into farm-in agreements with Oil Search (PNG) Ltd ('Oil Search'), a subsidiary of ASX-listed Oil Search Limited, in relation to PPL 338 and 339. These agreements set out the terms upon which Oil Search may earn up to a 70% participating interest in these two PPLs by:

- Oil Search to earn an initial 30% participating interest in PPLs 338 and 339 by acquiring seismic data over PPL 338; and
- Subject to the results of the seismic program, Oil Search can exercise an option to increase its interest to 70% by drilling a well.

In May 2015, Oil Search elected to commit to the drilling phase of the PPL 339 farm-in under the terms of the existing agreement between Oil Search and Kina. Pursuant to the agreement and subject to government approval, Oil Search would commit to drill a well in return for acquisition of a 70% participating interest in, and operatorship of the licence. Government approval was received over the September 2015 quarter.

In December 2015, Oil Search farmed down a 35% interest in PPL 339 to Total SA. As a result, Oil Search retained a 35% interest in, and operatorship of, the licence.

In December 2017 and in line with its farm-out strategy, Kina elected to farm out two thirds (a 20% participating interest) of its equity in PPL 339 to Santos Limited ('Santos') through its wholly owned

subsidiary Barracuda. Further to the announcement, Kina announced in September 2018 that Kina and Santos agreed to amend certain elements of the farm-out agreement. The alterations included:

- Santos' acquisition of a 20% participating interest in PPL 339 from Kina would occur in two phases, the first being an initial acquisition of 17.11% and the second being the subsequent acquisition of a further 2.89% during the period when the licence's first well is being drilled; and
- Santos would no longer acquire a portion of Kina's remaining well cost carry, however as the benefit of that carry attaches to the subsequent 2.89% interest that is to be acquired, Santos will pay Kina \$825,000 for the acquisition of that portion of the participating interest.

The farmout is subject to customary government and joint venture approvals.

PPL 340 (100% interest)

PPL 340 is in the eastern Papuan Basin located northwest of Port Moresby, in an area of easy access from the capital. An extension of PPL 340 was granted for a five-year term commencing on 31 March 2017.

PPL 340 is located onshore within the Eastern Papuan Basin in the Gulf and Central Provinces. It comprises 26 graticular blocks, in three non-contiguous areas, running northwest from Port Moresby.

Kina recently completed technical analysis of the Lizard Prospect at PPL 340, and has conducted a soil gas survey over the prospect to optimise seismic line locations and assist in the Company's farm out efforts.

PPL 435 and 436 (100% interest)

PPL 435 and 436 are two large licences located in the Western Province, at the southern edge of the Papuan Foreland on the Fly Platform. Both licences have reached the end of their first six-year term and the Company is in discussions with the Department of Petroleum with the objectives of restructuring the licences into a licence that will cover both prospects and developing a tailored exploration program.

Kina scouted the PPL 435 and 436 prospects in October 2017 to determine scoping estimates for a future Southern Fly Platform Seismic Survey which will form part of Kina's multi-licence farm out process.

PPL 437 (57.5% interest)

PPL 437 covers an area of 1,530 km² and is located in the Western Province of PNG, structurally within the Papuan Foreland and immediately north of PRL 21. PPL 437 contains a number of exploration targets for wet gas, one of those, Malisa, is considered drill ready. Drilling of Malisa and the follow up leads have been delayed due to the general downturn of the industry since 2014 and the delay in development of nearby PRL 21 whose proposed infrastructure will drive economic and commercialisation decisions for surrounding licences, including PRL 437.

Kina is in year six of its exploration program and has stated that it will file for an extension of the licence.

5.3 Historical Consolidated Statements of Financial Position

Consolidated Statements of Financial Position	Reviewed as at 30-June-18 US\$	Audited as at 31-Dec-17 US\$	Audited as at 31-Dec-16 US\$
CURRENT ASSETS			
Cash and cash equivalents	7,750,382	8,933,365	7,145,597
Trade and other receivables	87,542	116,881	150,123
Other current assets	3,702	19,828	25,014
TOTAL CURRENT ASSETS	7,841,626	9,070,074	7,320,734
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	26,226,299	25,710,007	25,891,337
Plant and equipment	7,998	11,267	14,307
Other non-current assets	317,407	303,800	214,480
TOTAL NON-CURRENT ASSETS	26,551,704	26,025,074	26,120,124
TOTAL ASSETS	34,393,330	35,095,148	33,440,858
CURRENT LIABILITIES			
Trade and other payables	762,336	428,310	457,318
Provisions	687,493	89,477	-
TOTAL CURRENT LIABILITIES	1,449,829	517,787	457,318
NON-CURRENT LIABILITIES			
Provisions	20,935	21,339	-
TOTAL NON-CURRENT LIABILITIES	20,935	21,339	-
TOTAL LIABILITIES	1,470,764	539,126	457,318
NET ASSETS	32,922,566	34,556,022	32,983,540
EQUITY			
Issued capital	53,763,235	53,763,235	49,389,418
Reserves	(49,398)	(65,771)	66,773
Accumulated losses	(20,791,271)	(19,141,442)	(16,472,651)
TOTAL EQUITY	32,992,566	34,556,022	32,983,540

Source: Kina's audited financial statements for the financial years ended 31 December 2016, 31 December 2017 and the half-year ended 30 June 2018

Commentary on Consolidated Statements of Financial Position

We note the following in relation to Kina's Consolidated Statements of Financial Position:

- Cash and cash equivalents increased from \$7.15 million at 31 December 2016 to US\$8.93 million at 31 December 2017. This was largely due to US\$4.13 million related to the receipt of funds from share placement, US\$0.62 million receipt for assumption of restoration obligation, US\$0.09 million positive effect arising from exchange rates and \$0.04 million related to net operator fee income. This was partially offset by US\$1.74 million of exploration and evaluation expenditure and US\$1.36 million of payments to suppliers and employees.

- Other current assets relate to security deposits.
- Other non-current assets comprise cash held by financial institutions as bank guarantees in respect of work program obligations of the Petroleum Prospecting licences which the company operates. These are denominated in Papua New Guinea Kina and are interest bearing.
- Kina's accounting policy in relation to exploration and development expenditure is that expenditures are expensed in the period they are incurred except for the costs of successful wells, the costs of acquiring interests in new exploration assets, and pre-development costs where there is a high degree of probability that the development will go ahead. These costs are capitalised.

5.4 Historical Consolidated Statements of Total Comprehensive Income

Consolidated Statements of Total Comprehensive Income	Reviewed for the half-year ended 30-June-18 US\$	Audited for the year ended 31-Dec-17 US\$	Audited for the year ended 31-Dec-16 US\$
Revenue			
Revenue	2,102	3,550	58,820
Expenses			
Administration expense	(459,498)	(1,341,736)	(1,008,125)
Exploration expense	(1,157,320)	(1,198,738)	(1,740,168)
Share based payments expense	(33,728)	(79,382)	(65,848)
Foreign exchange losses	(1,385)	(52,485)	(28,490)
Loss before income tax	(1,649,829)	(2,688,791)	(2,783,811)
Income tax expense	-	-	-
Foreign currency translation differences	(17,355)	35,726	(4,901)
Total comprehensive loss for the year	(1,667,184)	(2,633,065)	(2,788,712)

Source: Kina's audited financial statements for the financial years ended 31 December 2016, 31 December 2017 and reviewed financial statements for the half-year ended 30 June 2018.

Commentary on Consolidated Statements of Total Comprehensive Income

- Revenue decreased from US\$58,820 for the year ended 31 December 2016 to US\$3,550 for the year ended 31 December 2017. This was due to the Company not receiving any operator fee income over the period.
- Revenues of US\$0.06 million for the year ended 31 December 2016 comprised interest income and operator fee income. Operator fee income is derived from petroleum exploration and prospecting licences where Kina is the operator and third parties also hold interests.
- Administration expense for the year ended 31 December 2017 largely comprised US\$0.68 million related to salaries and employee benefits, US\$0.50 million related to professional fees and US\$0.30 million related to administration and other costs.

5.5 Capital Structure

The share structure of Kina as at 28 September 2018 is outlined below:

	Number
Total ordinary shares on issue	382,752,788
Top 20 shareholders	322,804,508
Top 20 shareholders - % of shares on issue	84.34%

Source: Share registry information

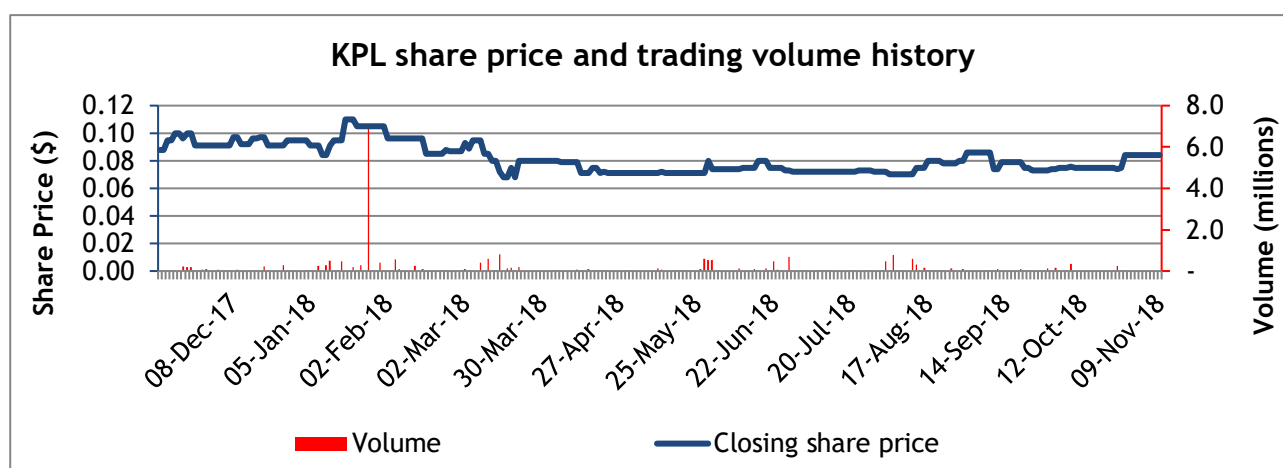
The ordinary shares held by the most significant shareholders as at 12 November 2018 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Citicorp Nominees Pty Limited	149,873,686	39.16%
Rene Gerard Jacquin	51,512,282	13.46%
Barry James Tan	17,735,526	4.63%
Phillipe E Mulacek	15,132,500	3.95%
Subtotal	234,253,994	61.20%
Others	148,498,794	38.80%
Total ordinary shares on Issue	382,752,788	100.00%

Source: Share registry information

5.6 ASX Share Price Analysis

The chart below provides a summary of the share price movement over the past 12 months to 9 November 2018.



Source: Bloomberg

The closing price of Kina's shares from 13 November 2017 to 9 November 2018 has ranged from a low of \$0.068 on 16 March 2018 to a high of \$0.110 on 18 January 2018. The Company's share price fluctuated between \$0.080 and \$0.100 from November 2017 to early January 2018, before reaching a high of \$0.110

on 18 January 2018 and falling to \$0.068 on 16 March 2018. Following this, the share price remained relatively stable. The greatest level of trading occurred on 29 January 2018, where 6,880,261 shares were traded.

During the 12 months to 9 November 2018, a number of announcements were made to the market. The key announcements are set out in the table below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)		Closing Share Price Three Days After Announcement \$ (movement)	
31/10/2018	Quarterly Activities and Cash flow Report	0.084	► 0%	0.084	► 0%
11/09/2018	Exploration Update	0.074	▼ 16%	0.079	▲ 6%
10/09/2018	Half Yearly Report and Accounts	0.086	► 0%	0.079	▼ 9%
31/07/2018	Quarterly Activities and Cash flow Report	0.072	► 0%	0.070	▼ 3%
13/06/2018	Resource Update	0.075	► 0%	0.075	► 0%
30/04/2018	Quarterly Activities and Cash flow Report	0.071	► 0%	0.071	► 0%
23/03/2018	2017 Annual Report and Financial Statements	0.080	► 0%	0.080	► 0%
31/01/2018	Quarterly Activities and Cash flow Report	0.105	► 0%	0.096	▼ 9%
20/12/2017	Placement of Shares to Strategic Investors	0.097	► 0%	0.091	▼ 7%
07/12/2017	Kina Petroleum - Farmout of PPL 339	0.091	► 0%	0.097	▲ 7%

Source: Bloomberg

On 7 December 2017, Kina announced a Farmout Agreement, in which Santos Limited (**'Santos'**) would acquire a 20% participating interest in PPL 339 including the payment to Kina of \$825,000 in respect of the acquisition of a carry for drilling costs. Kina would retain a 10% participating interest in the licence and Joint Venture, and would be reimbursed by Santos for the portion of pre drill costs that Kina had previously incurred. No sudden changes to Kina's share price were noted, however three days later the share price closed at \$0.097; 7% higher than prior to the announcement.

On 20 December 2017, Kina's Board announced its agreement to the placement of 75 million fully paid ordinary shares at a price of 7.178c per share, totalling approximately \$5.4 million. Funds raised from the placement would be applied to ongoing working capital requirements, particularly in relation to sites involving pre-development work and exploration activities. Whilst the Company's shares did not move on the day of the announcement, three days later the price decreased by 7% to \$0.091.

On 31 January 2018, the Company released its Quarterly Activities Report. The report highlighted the prioritisation of cash flows from Petroleum Retention Licence (**'PRL'**) 21, specifically by evaluating development options due to success at site PRL 3 nearby, where Kina does not participate in the licence. Furthermore, the report outlines the oil potential at PRL 38, PPL 340, 435 & 436. There were no changes to the Company's share price on the day of the announcement, however three days later the shares were trading 9% lower, at \$0.096.

On 23 March 2018, Kina released its 2017 Annual Report and Financial Statements. Key points of the report include a net loss for the year of US\$2,668,791 and no dividend payment to shareholders. At 31 December 2017, the Group's Net Assets totalled US\$34,556,022, with a cash balance of US\$8,933,365.

The report further comments on the falling oil prices over the last three years and despite the recent upswing in these prices, Kina as well as the rest of the Oil & Gas industry have had to cut exploration strategies and activities in order to mitigate against these falling prices.

On 13 June 2018, Kina released a Contingent Resource Statement providing an update on the resources contained in two of the Company's licensed areas: PRL 21 and PRL 38. The report states that drilling information from four wells at PRL 21 outlines features covering between 60km² and 100km², whilst at PRL 38, a combination of 2D and 3D data has recently been used to assess the Pandora fields, thus allowing Kina to conclude on the size of the contingent resource.

On 10 September 2018, Kina released its Half Yearly Report and Accounts. Key points outlined within the Report include a loss of US\$1,667,184 for the year to date. Net Assets as at 30 June 2018 totalled US\$32,922,566, with a cash balance of US\$7,750,382. The report outlined that Kina's focus for the first half of 2018 had been to continue on its efforts from late 2017, specifically with certifying the Company's interests in PRLs 21 & 38, as well as evaluating the portfolio of prospects and leads from the east to the west. Kina's share price closed with no change on the day of the announcement, however three days' later shares had dropped 9% to \$0.079.

On 11 September 2018, Kina released an Update on the Farm-out of PPL 339 Agreement with Santos. The announcement states that whilst the outcome agreed to on 7 December 2017 remains the same, Santos' 20% acquisition of interest in PPL 339 would now occur in two stages: an initial acquisition of 17.11%, with a further 2.89% being acquired when the licence's first well is being drilled. Santos would still be required to pay Kina \$825,000 as part of the consideration for entry into the licence. As a result of the announcement, the price of shares in Kina dropped 16% to \$0.074 by close, however three days' later shares closed at \$0.079, 6% up from the low three days prior.

On 31 October 2018, the Company released its Quarterly Activities Report. The report outlines the importance of accelerating work to commercialise liquids as oil prices prevail - the Brent oil price reaching as high as US\$86/bbl for the quarter, with an average price of US\$76/bbl. The report states that at these current market averages, the 48.3 million barrels of liquids in Elevala Ketu has a nominal gross value of approximately US\$3.67bn. No changes to the Company's share price was observed as a result of the announcement.

To provide further analysis of the market prices for a Kina share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods from to 9 November 2018.

Share Price per unit	9-Nov-18	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.084				
Volume weighted average price (VWAP)		\$0.084	\$0.075	\$0.076	\$0.074

Source: Bloomberg

An analysis of the volume of trading in Kina shares for the 12 months to 9 November 2018 is set out below:

Trading days from	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.084	\$0.084	-	0.00%
10 Days	\$0.084	\$0.084	8,000	0.00%
30 Days	\$0.073	\$0.084	920,097	0.24%
60 Days	\$0.073	\$0.086	1,487,200	0.39%
90 Days	\$0.069	\$0.086	3,898,782	1.02%
180 Days	\$0.068	\$0.095	10,265,653	2.68%
1 Year	\$0.068	\$0.110	22,232,799	5.81%

Source: Bloomberg and BDO analysis

RG 111.69 states that for the quoted market price methodology to provide meaningful analysis there needs to be a 'liquid and active' market in the shares. We consider the following characteristics to be representative of a liquid and active market:

- regular trading in a company's securities;
- approximately 1% of a company's securities are traded on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- there are no significant but unexplained movements in share price.

The company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

With regard for the above, we consider that Kina's shares on the ASX exhibit a low level of liquidity given that only 5.81% of the Company's current issued capital has been traded in the historical 12-month period. Furthermore, we observed extended periods of no trade activity and significant unexplained changes in the Company's share price.

6. Economic analysis

6.1 Global

Conditions in the global economy remain positive, albeit a number of factors are underscoring downside risks to global growth. These risks relate to the possibilities of escalating and sustained trade actions and tightening global financial conditions.

Growth in China has slowed a little since last year, partly reflecting efforts by the Chinese authorities to grow sustainably by addressing risks in the financial system and pollution. However, growth in the country's manufacturing sector rose more than expected in August, breaking the trend of two months of declines. This unexpected increase signals some level of resilience as China's economy prepares for an escalation of the trade war with the United States ('US'). In March 2018, the Chinese Government released a Gross Domestic Product ('GDP') growth target of approximately 6.5 percent for 2018, suggesting some tolerance for a gradual slowing of growth. As at November, the country's GDP growth has been recorded at 6.6%.

Core inflation is nearing the inflation target in a number of advanced economies, including the US where it has increased over 2018. Despite this, core inflation is little changed and below the inflation target in other advanced economies such as Japan. As conditions have improved in the global economy, a number of central banks have withdrawn some monetary stimulus and further steps in this direction are to be expected.

According to the International Monetary Fund, global growth is forecast to reach 3.7% in 2018 and 2019, in line with the forecast of the October 2018 World Economic Outlook.

6.2 Australia

Domestic growth

The Australian economy has grown by 3.5% for the year to September, and the Reserve Bank of Australia ('RBA') is expecting growth to remain above potential growth levels over the next couple of years, with forecasts suggesting that growth in 2019 and 2020 will be above 3%. Non-mining business investment has grown by 9% over the year to the September 2018 quarter, led by non-residential construction. The pipeline of building and infrastructure work yet to be done, as well as reports on increasing underlying demand suggests that construction activity could pick up within the coming years.

Public infrastructure investment growth is high and is not expected to decline in the short term. Household consumption growth has remained fairly stable around 3%, and is expected to continue at this rate. This is supported by ongoing growth in employment rates and a modest pick-up in wage growth, however is shadowed by uncertainty surrounding long term wage growth and the uncertainty surrounding the decline of the housing market.

Australia's higher export prices look to have offset higher import prices in recent months, whilst the forecast for coal prices has increased due to a rise in global demand. Terms of trade are expected to remain near current high levels for the next few quarters until gradually declining, whilst Chinese demand for bulk commodities is expected to moderate over time as global supply from low-cost producers continues to increase.

Unemployment

Unemployment remains low, and is expected to gradually decline further to 4.75% by the end of 2020. This decrease is expected to be associated with the strong outlook for GDP growth. Uncertainty remains around how much spare capacity there is in the labour market to support this decrease in unemployment.

Inflation

Inflation remains in line with forecasts, with the Consumer Price Index increasing by 1.9% over the past year. Underlying inflation is expected to increase in the December quarter, then pick up to 2.15% by late 2019. Key components for the outlook on inflation include the uncertainty of prices in the retail sector, as new foreign competitors such as Amazon enter the domestic market.

Currency movements

The Australian dollar remains within the range that it has been over the past two years on a trade-weighted basis, albeit in the lower part of that range. This is due to weakness in emerging markets and renewed trade tensions. An appreciating exchange rate would be expected to result in a slower pick-up in economic activity and inflation.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 6 November 2018, Statement on Monetary Policy - November 2018

6.3 Papua New Guinea

Papua New Guinea is a country that is well-endowed with mineral, agricultural, forestry and fishery resources. However, development is still in the early stages, and growth has historically been impeded by volatile prices for agricultural and mineral exports. In addition, the areas with greatest population density are separated by either ocean or inhospitable terrain.

Papua New Guinea is rich in mineral and hydrocarbon resources. Since commercial gold mining and oil production commenced in 1989 and 1992, respectively, both have made a significant contribution to the country's GDP. However, the economy has experienced a sharp slowdown over the last number of years. This was largely due to the decline in oil prices, coupled with other external factors such as a severe drought and an earthquake that hit the country in February 2018, severely affecting LNG production and exports. The recovery of production in LNG following the aforementioned earthquake was faster than anticipated however, resulting in high inflows of foreign exchange.

Papua New Guinea has historically made attempts to enter the global debt markets. However, due to the existence of numerous challenges such as violence, corruption and governance shortfalls, did not succeed. Recently however, discussions have reignited for a bond sale of at least US\$500 million. This is expected to assist the country with its shortage of foreign currency, which makes it relatively difficult for overseas companies to invest in and do business in Papua New Guinea.

According to the World Bank, the country's economic growth has been consistent with real GDP per capita, averaging approximately 3.0% since the mid-2000s. Despite the pickup in production following the earthquake earlier this year, the Government does not think this will fully offset the downsides of the natural disaster, and thus revised its GDP growth forecast to 1.0%, down from 2.4%. This is expected to be mainly driven by the non-mineral sector, namely agriculture, forestry, fisheries, retail, and accommodation.

More recently, China's plans to introduce a 10% tariff on US gas exports is likely to benefit the prospects for low-cost suppliers such as Australia, along with Papua New Guinea and Qatar. Further, any reduction in new US projects may have the effect of strengthening the economics of a LNG expansion in Papua New Guinea, where companies such as Santos and Oil Search have interests.

Source: www.bankpng.gov.pg Monetary Policy Statement by the Governor of the Bank of Papua New Guinea, Mr Loi M Bakani, 30 September 2018, World Bank and Asian Development Bank

7. Industry analysis

7.1 Global

The primary products of the oil and gas industry are crude oil and natural gas, and to a lesser extent, liquefied petroleum gas, coal seam gas and shale oil and gas. Historically, oil and gas have been extracted from “conventional” plays in which the hydrocarbons are trapped by an overlying layer of permeable rock allowing for traditional extraction methods. However, oil and gas can also be found in other geological settings, such as shale formations. Shale oil and gas resources are formed within the organic rich shale source rock. As the low permeability of the shale inhibits the oil and gas from migrating to permeable reservoir rocks, shale oil and gas is often referred as ‘unconventional’ plays or ‘tight’ oil and gas.

Over the last decade, there has been significant growth in unconventional resource development due to breakthroughs in technology. Specifically, technological advances mean the global ability to produce energy is growing at a rapid pace - whether it be unconventional oil and gas, or in renewables like wind and solar.

While the growth, cost and risk profiles of oil and gas industry products may vary, depending on the method and technology necessary for extraction, commodities are generally traded on the same market once extracted. The global oil and gas industry is therefore one of the largest in the world, and as is inherent to large markets, the industry is dominated by large highly integrated companies. The scale of operations and the significant capital investment required to bring fields into production represent very high barriers to entry.

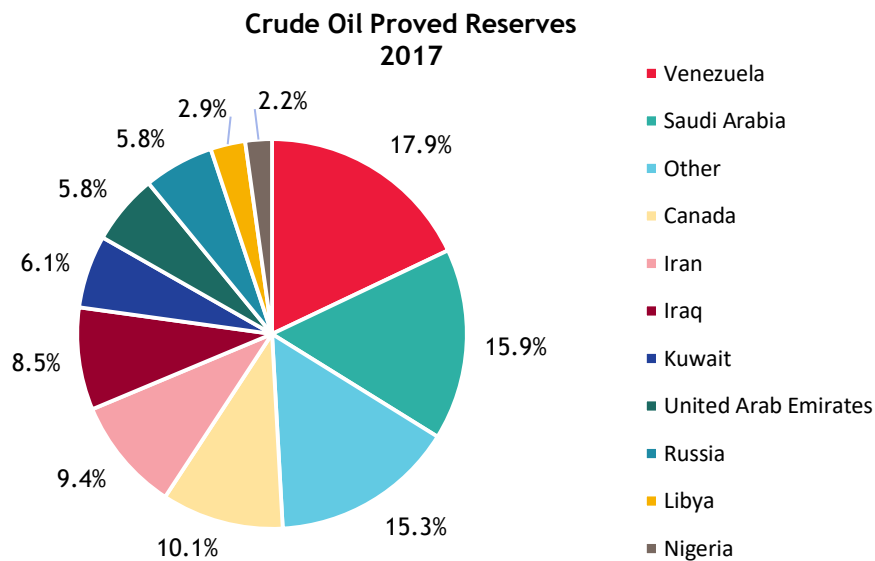
There have been major developments in the oil and gas industry recently. Namely, China’s plan to implement an additional 10% tariff on US liquefied natural gas (‘LNG’) exports means the country may look to other countries such as Papua New Guinea as suppliers. The new tariff on US LNG will take effect on 24 September 2018, and Chinese companies such as PetroChina have already signed midterm contracts with LNG project co-venturers in Papua New Guinea, including Exxon Mobil, Oil Search and Santos.

In Papua New Guinea, ExxonMobil PNG Limited is the operator of the US\$19 billion PNG LNG Project, an integrated development that is commercialising the gas resources of Papua New Guinea.

7.2 Global Reserves

Crude Oil

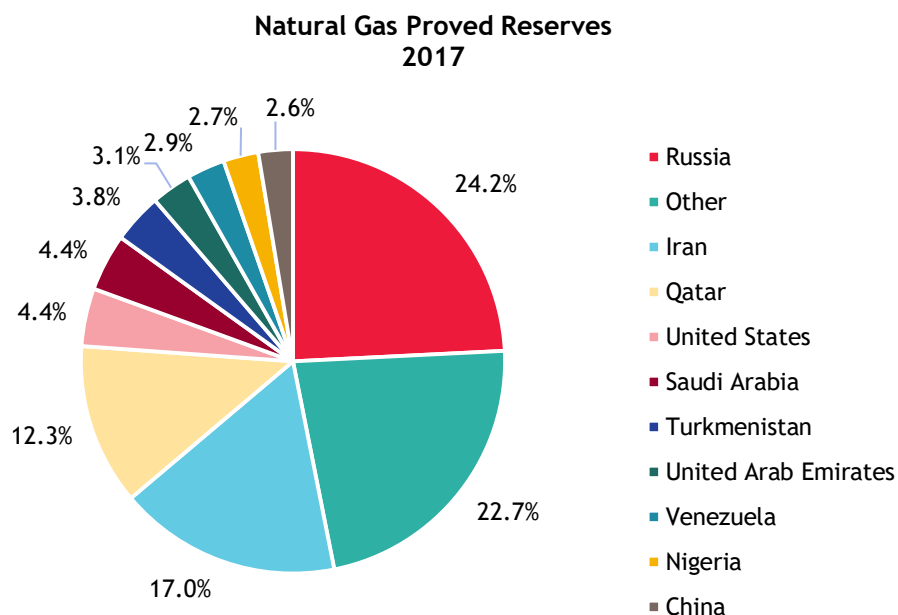
At the start of 2017, proved global oil reserves stood at 1677 billion barrels, with the top 10 countries playing host to 85% of total proven reserves. Global oil reserves have more than doubled over the past 35 years, contrasting with the slowing growth in oil demand. At the current global production rate, this is sufficient to sustain production for 50 years.



Source: www.cia.gov World Factbook, updated January 2017

Natural Gas

The technically recoverable global natural gas resource at the start of 2017 was measured at 197 trillion m³. Russia, Iran and Qatar were the biggest regions, collectively representing 53% of total recoverable natural gas resource. Like oil, at the current production rate, the known resource is sufficient to meet 50 years of global production.

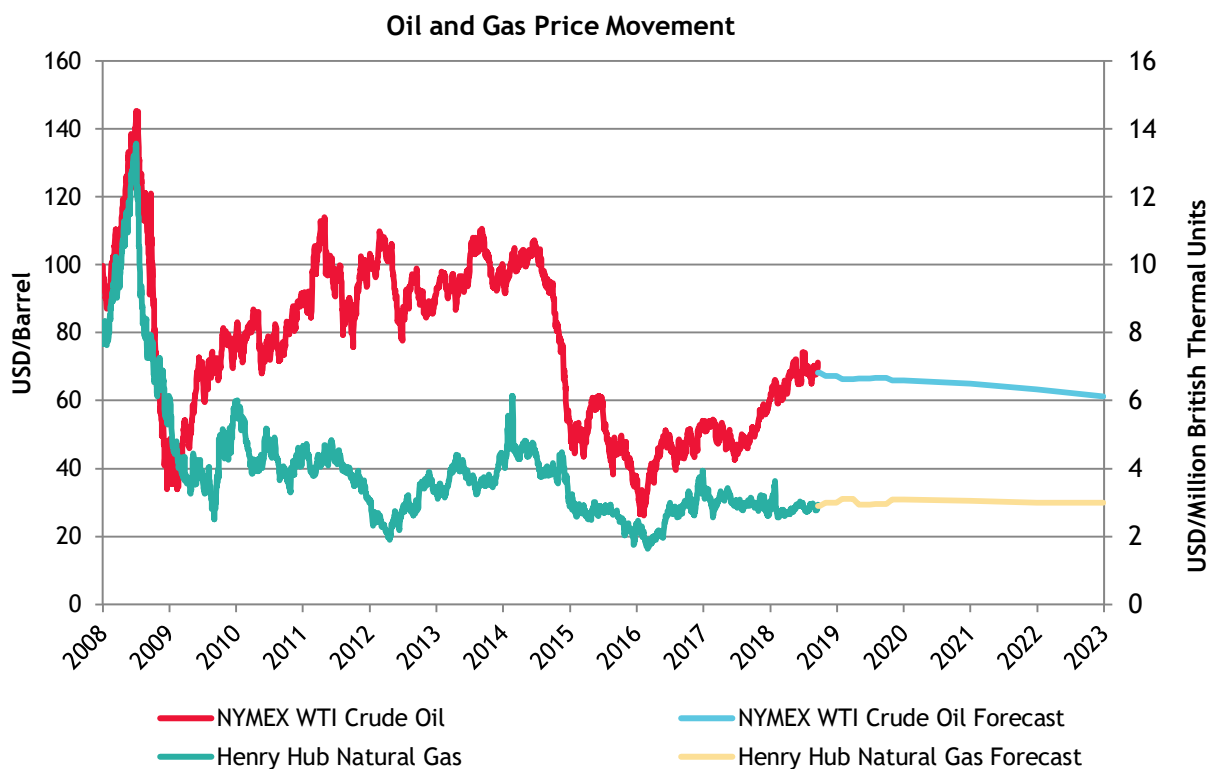


Source: www.cia.gov World Factbook, updated January 2017

7.3 Price trends

Supply and demand are the most influential factors driving fluctuations in oil and gas prices. This is evident in the volatile price movements which often follow meetings held by the Organisation of the Petroleum Exporting Countries ('OPEC') to determine short-term oil supply. The graph below highlights the dramatic change in oil and gas prices following the GFC. In the six months from June 2008 onwards, the price of oil declined from approximately US\$140 per barrel to reach a low of approximately US\$30 per barrel in January 2009. Natural gas prices experienced similar volatility, peaking at approximately US\$13.50 per million British Thermal Units ('MMBTU') in July 2008 and declining to US\$2.50 in September 2009. Following the aftermath of the GFC, the oil price experienced a prolonged period in which the average price was US\$100 per barrel, throughout 2011-2014. In 2015-16 however, global oversupply saw a dramatic fall in crude oil prices to an average of US\$50 per barrel.

Set out below is a summary of oil and gas price movements with reference to NYMEX WTI Crude Oil and Henry Hub Natural Gas.



Source: Bloomberg

The graph above illustrates how natural gas prices were highly correlated with oil prices between 2008 and 2010 before deviating in 2011. The divergence was mainly attributable to developments in shale gas production which meant that natural gas prices were at record discounts to oil prices. Since 2011, oil and gas prices have generally moved in the same direction, with the exception of the February 2014 spike in natural gas prices following a period of deficit in which storage levels reached their lowest in ten years.

High global oil inventories throughout the first half of 2017 resulted in generally lower trending prices in the first half of the year, before the market recorded a large deficit in the second quarter of 2017. The

deficit, which was attributable to unexpectedly large growth in demand and compliance of producers to reduce output, saw the price per barrel exceed US\$60 for the first time since 2015.

Energy prices surged 10% in the first in the first quarter of 2018 (on a quarter-on-quarter basis), led by oil and natural gas. Strong oil demand and greater-than-expected compliance by the 22 OPEC and non-OPEC producers regarding their agreed production cuts assisted in the reduction of inventories during the second half of 2017. Further, heightening geopolitical concerns, particularly those regarding prospects for renewed sanctions in Iran, and tensions between Iran and Saudi Arabia in Yemen, boosted oil prices in late March 2018.

Over the forecast period, oil is expected to see a drop in its share of the energy mix albeit retaining its position as the fuel with the largest share, at 27% by 2040.

Source: www.worldbank.org *Commodity Markets Outlook*, April 2018

7.4 Outlook

Over the future, developments in energy and oil markets will be driven by a number of factors - namely population growth, ever-changing demographics, the assumed path of economic growth, policy changes, technology advancements and energy and oil prices. According to OPEC, the size of the global economy in 2040 is estimated to be 226% compared to 2016, with developing countries accounting for three-quarters of the global GDP growth over the forecast period.

Currently, technology is shaping the energy industry as a whole. Specifically, the rapid development of renewable energies and the introduction of electric vehicles as a replacement for internal combustion engine vehicles are strong signs of trends. In the oil market, technical development will continue to play an important role in the large-scale development of offshore and now, tight oil reserves.

According to OPEC, total primary energy demand is forecast to increase by 35% from 2015 to 2040, with an average annual growth rate of 1.2% during the forecast period. This growth is not distributed equally among major regions and country groupings, with energy demand in developing countries expected to grow at an average rate of 1.9% per annum, compared to an average growth rate of 0.1% per annum for the OECD and 0.9% per annum for Eurasia.

The transportation sector will remain the main consumer of oil products over the forecast period, as this is the sector where oil faces the weakest competition from alternative fuels. Oil use for industrial purposes is also projected to increase, albeit at a slower pace than in the transportation sector.

Over the near future, it is expected that the oil and gas industry will continue to undergo major disruption from factors such as electrification and renewables.

Source: IBIS World *Oil and Gas Industry Report* December 2017 by Jason Aravanic, www.eia.gov *Annual Energy Outlook 2017*, www.opec.org *World Oil Outlook Report 2017*, www.iea.org *World Oil Analysis and Forecast 2017*, www.iea.org *World Energy Outlook 2017*, BP *Statistical Review of World Energy 2017* and BP *Energy Outlook 2017*

8. Implications of the Scheme

We have summarised below the implications of the Scheme to Kina and the Shareholders.

8.1 Ownership structure

If the Scheme is approved then the shares that Shareholders hold in Kina will be exchanged for shares in Kina BVI at a ratio of one Kina BVI share for every 30 Kina shares already held, and Kina BVI will become the 100% holder of Kina.

As such, in substance there will be no change in the economic interests of Shareholders, as they will effectively retain their existing proportionate interest in the business and assets of Kina but via Kina BVI.

8.2 Listed status and potential access to funds

As detailed in Section 4, the Scheme is conditional on the ASX and POMSoX admitting Kina BVI to the respective official lists. As such, there will be no direct implication of the Scheme proceeding with respect to Kina's present listed status on the ASX and POMSoX.

As a result, notwithstanding the fact that Kina BVI will be governed by the respective laws of BVI including the *BVI Business Companies Act (No 16 of 2004)* ('**BVI Companies Act**'), Kina BVI will still need to remain compliant with the respective listing rules of the ASX and POMSoX.

The key rationale behind the Scheme is to position and restructure Kina such that it becomes more attractive for international investors, in particular investors from North America. The directors of Kina have determined that US based investors would be more comfortable investing in Kina should its domicile be in a more recognisable and favourable jurisdiction. We discuss this further in Section 9.1.1. Due to the above, the directors of Kina consider that international and US investors are more likely to invest in a BVI company than a PNG company.

As such a key implication of the Scheme is that Kina may have access to increased sources of funding by way of the issue of ordinary shares and options to, and entering into debt agreements with, international (in particular US based) investors.

Additionally, it is understood that the Scheme and restructure may assist in facilitating a future listing of Kina BVI's securities on a leading North American stock exchange. In the event that Kina BVI is able to list on a leading North American stock exchange, this may result in significantly increased access to equity funds, as well as increased liquidity due to the increased size and depth of North American stock exchanges.

8.3 Legal and regulatory framework

If the Scheme is approved Shareholders will no longer hold shares in a PNG company as they will be exchanged for shares in Kina BVI which will be a BVI incorporated company. Kina BVI will therefore be governed by the statutory regime of the BVI Companies Act which has both similarities and differences to the PNG Companies Act.

In addition, Kina BVI will be admitted to the official list of the ASX and POMSoX, and as such the respective listing rules will also apply to Kina BVI.

We note that a detailed summary of the differences between the PNG Companies Act and BVI Companies Act is outlined in Annexure D of the Scheme Booklet. Drawing reference from this summary, we have

noted some of the differences and similarities which we consider may be of importance to Shareholders. The constitution of Kina BVI has been amended to provide Shareholders with a largely similar level of protection to those available by being a shareholder of Kina.

Disclosure regime

As Kina BVI will be required to remain compliant with the ASX and POMSoX listing rules (where the POMSoX listing rules mirror the ASX listing rules due to licensing arrangements), if the Scheme is approved, Kina BVI's disclosure obligations pursuant to the ASX listing rules will remain the same.

As such, due to the continued operation of chapters 3, 4 and 5 of the ASX listing rules, Kina BVI will still need to comply with its respective obligations in relation to:

- continuous disclosures;
- periodic disclosures (i.e. financial reporting); and
- additional reporting on oil and gas production and exploration activities (i.e. quarterly activities and cash flow reporting).

Takeover provisions

PNG does not currently have a takeovers code. The Securities Commission is an independent entity which has been established with broad powers. It is anticipated that the PNG Minister for Trade Industry and Commerce may prescribe a new takeovers code informed by the recommendations of the Securities Commission. It is assumed that the old takeovers code that previously applied in PNG will still apply or that a new takeovers code will be adopted in due course.

We understand that the BVI Companies Act, along with other relevant BVI statutes, as summarised in Appendix D to the Scheme Booklet, do not prescribe any takeover provisions with respect to share acquisitions except for permitting compulsory acquisition of the remaining minority shares if an acquirer holds 90% or more of the outstanding shares. This means that if the Scheme is approved, Kina BVI may be subject to corporate events such as a takeover bid, and there will be a different framework underpinning the corporate actions and no restrictions on the quantum of shares (and effective relevant interest in Kina BVI) a prospective shareholder can acquire without having to offer a takeover bid.

We also note that the ASX and POMSoX listing rules do not prescribe any rules in relation to takeovers for entities listed on their respective exchanges.

Related party transactions

As noted earlier, given Kina BVI will need to remain compliant with the ASX and POMSoX listing rules both of which have provisions referring to related party transactions. In particular, Kina BVI will still need to adhere to Chapter 10 of the ASX listing rules concerning transactions with persons in a position of influence.

As such, among other things, the:

- acquisition and disposal of certain assets; and
- acquisition of securities in the entity,

will remain subject to shareholder approvals in accordance with chapter 10 of the ASX listing rules.

Share issues

As Kina BVI will remain compliant with the listing rules of the ASX and POMSoX, Kina BVI will still be restricted in how it can issue new securities due to the operation of chapter 7 of the ASX listing rules.

In particular, this will mean that the issue of new securities will be generally restricted to 15% of the issued capital in Kina BVI unless either shareholder approval or an exemption otherwise validly applies.

8.4 Taxation implications

Australian Shareholders

The Australian income tax consequences for Shareholders of implementing the Scheme will depend upon whether the shares are held on capital account, on revenue account or as trading stock. A distinguishing feature of shares held on capital account and shares held either on revenue account or as trading stock is the purpose for which they were acquired:

- shares held on revenue account, or as trading stock, are acquired for resale at a profit in the short term; whereas
- shares held on capital account are acquired for the purposes of deriving dividend income and long term appreciation of value.

Section 10 of the Scheme Booklet provides a detailed summary of the general tax implications of participating in the Scheme, however below we have briefly outlined some of the key implications which we consider may be of importance for Shareholders.

The implementation of the Scheme should not crystallise Australian income tax liabilities for Shareholders who hold their shares on capital account. This is due to the availability of scrip-for-scrip roll-over relief in Australia. As stated in Section 11 of the Scheme Booklet this view has not been confirmed by a ruling and it is possible that the Australian Taxation Office will take a different view.

Kina BVI will not be an Australian resident for tax purposes so that Shareholders who retain their Kina BVI shares will own shares in a foreign company which has ongoing implications for Shareholders which are set out in detail in the Scheme Booklet.

Generally, the tax implications of the Scheme will affect Shareholders differently subject to their own respective circumstances, and as such, if necessary, Shareholders should seek their own individual tax advice.

PNG Shareholders

Section 10.2 of the Scheme Booklet provides a summary of some of the PNG taxation consequences for Shareholders. It applies to (both PNG resident and non-PNG resident) Shareholders who hold their Kina shares on capital account.

The summary is only a general guide to PNG tax implications and does not provide tax advice. Shareholders should seek independent professional tax advice regarding PNG tax consequences applicable to their own individual circumstances.

Disposal of Kina shares. There is no capital gains tax in PNG. Consequently, no PNG income tax will be payable on any capital gain on the disposal of shares, and no deduction will be available for any capital loss.

Ongoing ownership of BVI Kina shares. For a PNG resident Shareholder, the gross amount of dividends received (or deemed to be received) on BVI Kina shares will be included in the individual's assessable income. Similarly, for a PNG corporation holding shares in BVI Kina, all dividends will be part of the corporation's assessable income.

Non-PNG resident Shareholders should not be subject to PNG tax on dividends received from BVI Kina.

Stamp Duty. As the transfer of Kina shares will be achieved through a PNG share registry, no PNG Stamp Duty will be payable.

GST. In PNG the transfer and issue of shares is considered to be the supply of a financial service which is treated as an exempt supply for GST purposes.

8.5 Costs

The process of implementing the Scheme has a number of steps and involves numerous one-off transaction costs which Kina's directors estimate to total approximately US\$600,000 to US\$650,000.

We do however note that most of these costs have already been incurred, or will be incurred by the date of the meeting to approve the Scheme, regardless of whether the Scheme is approved or not. As a consequence, the quantum of the initial transaction costs of the Scheme is not considered to be material to the decision to be made by Shareholders.

If the Scheme is approved, there will also be additional ongoing operating costs incurred in relation maintaining a company and share register in BVI and adhering to the relevant BVI laws including the BVI Companies Act as required. Kina's management estimate this to result in an additional expenditure of approximately US\$10,000 per year.

9. Do the advantages of the Scheme outweigh the disadvantages?

If the Scheme is approved, then there will be no material change in value to Shareholders. Consequently, in order to determine whether the Scheme is in the best interests of Shareholders we have considered the advantages, disadvantages and other factors that are likely to impact Shareholders.

9.1 Advantages of the Scheme

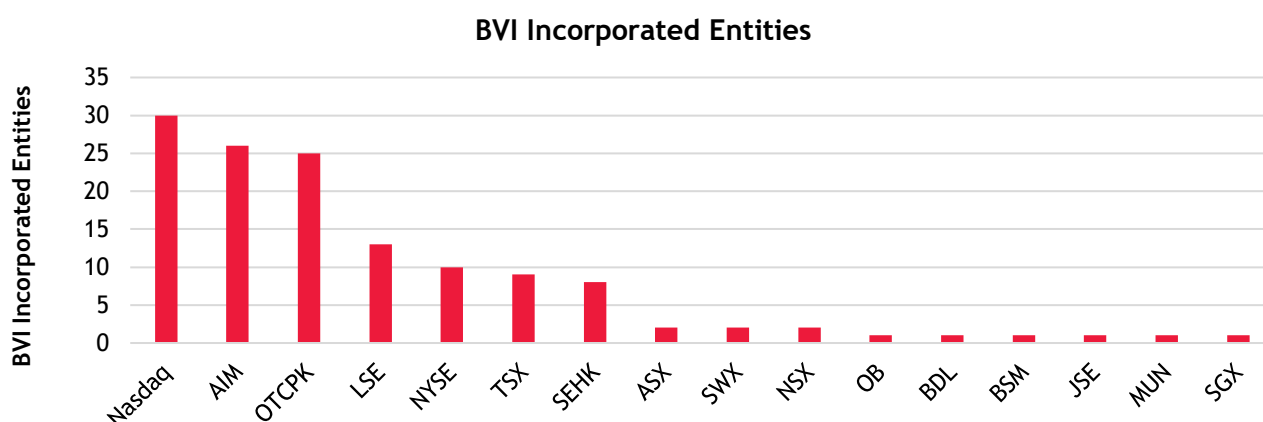
We have considered the following advantages when assessing the Scheme.

9.1.1. Potential access to new funds

The Directors of Kina consider that changing the domicile of Kina from PNG to BVI will assist in improving and expanding Kina's fundraising options, in particular from North American investors, due to the comparatively more favourable domicile of BVI.

In considering whether the change in domicile will assist Kina in its future fundraising pursuits, we note the following.

According to Capital IQ, as at September 2018, there were six PNG incorporated companies, including Kina, which are listed on major exchanges outside PNG, with all of them being listed on the ASX. Comparatively there are 133 BVI incorporated companies which are listed on various major exchanges around the world. The following graph illustrates some of the primary major listing destinations for BVI incorporated companies.



Source: Capital IQ as at September 2018 and BDO analysis

In our view, we consider that given there are more BVI companies listed on major stock exchanges around the world in comparison to PNG companies, that the legal, taxation and broader corporate frameworks for BVI companies under the BVI Companies Act are likely to be better understood and accepted among investors (in particular foreign investors such as those located in North America) than a company incorporated in PNG under the PNG Companies Act.

Due to the above, we consider that changing the domicile of Kina from PNG to BVI will greatly assist Kina in improving and expanding its fundraising options, particularly with North American investors.

North American Listing

Additionally, we understand that approval of the Scheme and subsequent change in domicile may also potentially assist Kina in facilitating a future listing of Kina BVI's securities on a leading North American stock exchange. For the purposes of our assessment, we have considered that leading North American stock exchanges include, the New York Stock Exchange ('NYSE'), the NASDAQ Stock Market ('NASDAQ'), and the American Stock Exchange (now known as the NYSE MKT) ('AMEX') (collectively herein defined 'Leading North American Stock Exchanges').

We note that there are presently no PNG incorporated companies listed on any of the Leading North American Stock Exchanges, and comparatively, there are 44 BVI incorporated companies listed on one of the Leading North American Stock Exchanges. Due to this, we consider that changing the domicile of Kina will greatly assist Kina, if it determines to seek a future listing on one of the Leading North American Stock Exchanges as a means of accessing equity funding in the future.

This may also have the consequence of increasing the liquidity in the trading of Kina's shares which will benefit Shareholders.

9.1.2. More flexible corporate and regulatory framework

One of the benefits associated with existing as a corporate entity incorporated under the BVI Companies Act is that the BVI does not impose an additional layer of regulation and as such they are extremely flexible in their structures with few prescriptive requirements. This means that a BVI company is likely to be more flexible in its operation and as such ongoing running costs of using a BVI company are comparatively low.

9.2 Disadvantages of the Scheme

We have considered the following disadvantages when assessing the Scheme.

9.2.1. BVI Companies Act provides less protection for Shareholders

As outlined in Section 8.3 of our Report, in some cases given that Kina BVI will remain listed on the ASX and POMSoX, the shareholder protection mechanisms of the respective listing rules of the ASX and POMSoX will apply and protect Shareholders.

However, the BVI Companies Act does statutorily provide less protection for Shareholders in comparison to if Kina remained incorporated in PNG. These are set out in Appendix D of the Scheme Booklet.

We note however, that the constitution of Kina BVI has been amended to provide Shareholders with a largely similar level of protection to those available by being a shareholder of Kina.

9.2.2. Ineligible shareholders will not be able to receive Kina BVI shares

As outlined in Section 4 of our Report, if the Scheme proceeds, Shareholders whose address is recorded in Kina's share register as being outside of Australia, PNG, Hong Kong, Singapore, the UK, New Zealand or the US will subject to whether Kina is otherwise satisfied that such Shareholders can lawfully be issued Kina BVI shares pursuant to the Scheme, not receive Kina BVI shares under the Scheme.

Instead, the Kina BVI shares that would otherwise be issued to such ineligible foreign Shareholders will be issued to a nominee appointed by Kina BVI to sell those Kina BVI shares on market at such price and on

such terms as the nominee determines. The nominee will then distribute the proceeds to the ineligible foreign Shareholders (calculated on an average basis so that all ineligible foreign Shareholders receive the same price per Kina BVI share) after the deduction of any brokerage, taxes or other expenses of sale.

In addition, neither Kina, Kina BVI nor the nominee will be subject to any liability for the sale of Kina BVI shares on market on a particular day or at a particular price.

In effect, if the Scheme is approved, ineligible foreign Shareholders will be forced to exit their respective investments in Kina without any specific control or guarantee in relation to the sale price they receive for their parcel of Kina shares.

9.2.3. Increased costs associated with maintaining a register in BVI and adhering to BVI laws

If the Scheme is approved, Kina BVI will be a newly formed entity under the BVI Companies Act, and as such the corporate structure of Kina BVI will grow with the inclusion of this new entity. In particular, there will be additional costs associated with maintaining a share register in the BVI and complying with the BVI Companies Act as necessary. It is also noted that given Kina has not historically included in its corporate structure any entities incorporated in the BVI, the directors of Kina may not be familiar with all the relevant laws and regulations with respect to BVI companies. This may result in the requirement for additional costs to be incurred in relation to the operations of Kina BVI given that external advice may be required.

9.3 Other considerations

We have also considered the following factors when assessing whether the advantages of the Scheme outweigh the disadvantages.

9.3.1. Position of Shareholders if the Scheme is not approved

In the event that the Scheme is not approved by either the Shareholders or by the PNG Courts, we note that Shareholders will retain their existing interest in Kina as a PNG incorporated company. In addition, Kina will remain listed on the ASX and POMSoX, and as such, in effect there will be no change to the current position of Shareholders.

However, we note that the transaction costs associated with the Scheme of approximately US\$600,000 to US\$650,000, some of which have already been incurred, will be expended by Kina, irrespective of whether the Scheme proceeds or not.

In addition, it is likely that Kina will need to reconsider how it will seek additional funds from both the shareholders who currently have holdings in Kina as well as new shareholders from North America. The directors of Kina consider that it is important to provide the corporate structure/place of domicile etc that investors and potential investors from North America will be more comfortable investing in.

At this time, we understand that Kina's management does not intend to implement any alternative restructure should the Scheme not be approved. In particular, in the case that the Scheme is not approved, we understand that Kina will maintain its listings on the ASX and POMSoX and Kina's development strategies for its assets in PNG will not be affected if the Scheme is not approved. However, in that case Kina is likely to consider alternative funding sources which may be more expensive than the equity capital which will potentially be accessed from North American investors. This may result in the Company deferring activity on higher risk assets.

9.3.2. Impacts on investment portfolios and risk preferences

The Scheme will have potential impacts on the investment portfolios of Shareholders who may have specific preferences with respect to the jurisdiction of their investments. The effect of changing the domicile of Kina from PNG to BVI may mean that Kina (and in due course Kina BVI) will no longer be an appropriate investment for those respective Shareholders due to the nature of their individual investment portfolio strategies and risk preferences.

In this regard given all Shareholders are likely to have differing preferences, we note that Shareholders should seek their own individual advice as necessary.

9.3.3. Effective consolidation of shares

If the Scheme is approved, along with holding Kina BVI shares instead of Kina shares, there will be an effective consolidation of Kina's share capital on the ratio of one for 30.

In this case, we understand that the directors of Kina have determined that it would be appropriate to proceed with an effective consolidation of share capital to establish a share price that will be sufficient for the listing requirements of the ASX and POMSoX, and that will assist in meeting the share price eligibility requirements for a potential future listing on a Leading North American Stock Exchange.

9.3.4. Liquidity of Kina BVI shares

In the event that the Scheme is implemented, Kina BVI's shares will be admitted to the official list of the ASX and POMSoX, and as such it is unlikely that there will be any significant reduction in share liquidity resulting from the change in domicile.

In particular, we note that, for the 12 months prior to 9 November 2018, approximately 5.81% of Kina's issued shares were cumulatively traded. Furthermore, we note that the Company's shares exhibited large unexplained price and volume changes. As detailed in Section 5.6, in our view this represents a low level of liquidity.

We note that the change in domicile may facilitate the increased potential for new investments in Kina. This may result in greater interest and depth of trading in Kina's shares, however we are unable to quantify the increase in liquidity, or whether there will be any increase at all.

9.3.5. Tax implications

As detailed in Section 8.4 of our Report, there will be tax implications for Australian and PNG Shareholders with respect to the Scheme. Further details of the specific tax implications for Shareholders are included in Section 11 of the Scheme Booklet, but we emphasise that the tax circumstances of each individual Shareholder can differ significantly and that Shareholders should, where necessary, obtain their own specific tax advice.

10. Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that the advantages of the Scheme outweigh the disadvantages, therefore the Scheme is in the best interests of Shareholders.

11. Sources of information

This report has been based on the following information:

- Draft Scheme Booklet dated on or about the date of our Report;
- Scheme implementation agreement;
- Audited financial statements of Kina for the financial years ended 31 December 2016 and 31 December 2017;
- Reviewed financial statements for Kina for the half-year ended 30 June 2018;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Kina.

12. Independence

BDO Corporate Finance (WA) Pty Ltd will have charged fees of \$30,000 (excluding GST and reimbursement of out of pocket expenses) in connection with the preparation of this report. The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Kina Petroleum Limited in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Kina Petroleum Limited, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Kina Petroleum Limited and its associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Kina Petroleum Limited and its associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Kina Petroleum Limited, or its associates, other than in connection with the preparation of this report.

A draft of this report was provided to Kina Petroleum Limited and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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13. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Natural Resources Leader for BDO and a past Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

14. Disclaimers and consents

This report has been prepared at the request of Kina Petroleum Limited for inclusion in the Scheme Booklet which will be sent to all Kina Petroleum Limited shareholders. Kina Petroleum Limited engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether the scheme of arrangement to facilitate the restructure of Kina Petroleum Limited is in the best interests of shareholders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Kina Petroleum

Limited. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Kina Petroleum Limited, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the Scheme meeting or second Court Hearing.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Two handwritten signatures in black ink. The signature on the left is 'Sherif Andrawes' and the signature on the right is 'Adam Myers'. Both are written in a cursive, flowing style.

Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 - Glossary of Terms

Reference	Definition
AIM	London Stock Exchange AIM Market
AMEX	American Stock Exchange (now known as the NYSE MKT)
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDL	Bourse de Luxembourg
BDO	BDO Corporate Finance (WA) Pty Ltd
BSM	Botswana Share Market
BVI	British Virgin Islands
BVI Companies Act	BVI Business Companies Act (No 16 of 2004)
COG	Cott Oil and Gas Limited
the Company	Kina Petroleum Limited
Corporations Act	The Corporations Act 2001 (Cth)
DGN	Diamond Gas Niugini BV
FEED	Front end engineering and design
FID	Final investment decision
FOS	Financial Ombudsman Service
GDP	Gross domestic product
Heritage	Heritage Oil Limited
Horizon	Horizon Oil Limited
the Industry	Petroleum Exploration Industry
JSE	Johannesburg Securities Exchange
Kina	Kina Petroleum Limited
Kina BVI	Kina Petroleum Corporation
km	Kilometres
km ²	Square kilometres
Kumul	Kumul Exploration (Asia) Pte Ltd
Leading North American Stock Exchanges	Collectively the NYSE, NASDAQ and AMEX

Licence Areas	Original PPL 338 licence area
LSE	London Stock Exchange
MC	Mitsubishi Corporation
MUN	Boerse Muenchen
NASDAQ	NASDAQ Stock Market
NSX	National Stock Exchange of Australia
NYSE	New York Stock Exchange
OB	Oslo Bors
Oil Search	Oil Search Limited
OTCPK	Pink Sheets LLC
our Report	This Independent Expert's Report prepared by BDO
PIE	PIE Holdings L.P.
PNG	Papua New Guinea
PNG Companies Act	Companies Act 1997 (Papua New Guinea)
POMSoX	Port Moresby Stock Exchange
PPL	Petroleum prospecting licence
PRL	Petroleum retention licence
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Repsol	Repsol Oil and Gas Niugini Pty Ltd
RG 60	Schemes of arrangement (September 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
the Scheme	The proposed restructure of Kina by means of a scheme of arrangement under Part XVI of the PNG Companies Act
Section 411	Section 411 of the Corporations Act
SEHK	Stock Exchange of Hong Kong
SGX	Singapore Exchange
Shareholders	Shareholders of Kina
SWX	SIX Swiss Exchange
Talisman	Talisman Energy Niugini Limited
TSX & TSXV	Toronto Stock Exchange & TSX Venture Exchange

US

United States

VWAP

Volume Weighted Average Price

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The Directors

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Australia

Annexure B

SCHEME OF ARRANGEMENT



Scheme of Arrangement

Kina Petroleum Limited

ARBN: 151 201 704 and PNG Company Number: 1-63551

and

Scheme Participants

Scheme of Arrangement of Kina Petroleum
Limited

2019

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SCHEME OF ARRANGEMENT

pursuant to section 250 of the *Companies Act 1997* (PNG)

between

Kina Petroleum Limited PNG Company Number: 1-63551 (**KPL**)

and

each **KPL Shareholder**

1. PRELIMINARY

1.1 KPL

KPL is a company incorporated in Papua New Guinea, having its registered office at Level 10, MRDC Haus, Cnr of Champion Pde and Musgrave St Port Moresby, NCD Papua New Guinea. KPL Shares are quoted on the official list of POMSoX and ASX.

1.2 Kina BVI

Kina Petroleum Corporation (BVI BC No: 1892389) is a public company incorporated in the British Virgin Islands, having its registered office at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, VG1110, Virgin Islands, British (**Kina BVI**).

1.3 Effect of Scheme

If the Scheme becomes Effective, then:

- (a) in consideration for Kina BVI's name being entered in the Register in respect of all the Scheme Shares under this Scheme, Kina BVI will provide, or procure the provision of, the Scheme Consideration to the Scheme Participants in accordance with the terms of the Scheme; and
- (b) KPL will enter the name of Kina BVI in the Register in respect of all of the Scheme Shares in accordance with the terms of the Scheme.

1.4 Deed Poll

Kina BVI has entered into the Deed Poll in favour of the Scheme Participants pursuant to which it has covenanted to Scheme Participants that it will observe and perform the obligations contemplated of it under the Scheme, including without limitation, providing to each Scheme Participant, or procuring the provision to each of them of, the Scheme Consideration to which such Scheme Participant is entitled under the Scheme.

2. CONDITIONS

2.1 Conditions of Scheme

The Scheme is conditional on:

- (a) all of the Conditions Precedent having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement, which Conditions Precedent include the Court approving the Scheme in accordance with section 250 of the *Companies Act 1997* (PNG) (**PNG Companies Act**); and

- (b) any other conditions on which the Court makes its order approving the Scheme under section 250(1) of the PNG Companies Act or any subsequent order under section 251(1) of the PNG Companies Act that are approved in writing by KPL and Kina BVI being satisfied.

2.2 Certificate

KPL and Kina BVI will each provide to the Court at the Second Court Hearing a certificate confirming whether, within their knowledge, as at 8.00am on the Second Court Hearing Date all the Conditions Precedent (other than in relation to the Scheme being approved by the Court pursuant to section 250 of the PNG Companies Act) have been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement.

2.3 Conclusive evidence

The giving of a certificate by Kina BVI or KPL under clause 2.2 will, in the absence of manifest error or a contradictory statement in the certificate given by the other, be conclusive evidence of the satisfaction or waiver of the conditions precedent referred to in each certificate.

2.4 Scheme becoming effective

Subject to clause 2.5, the Scheme will become effective on the Effective Date.

2.5 Lapse of Scheme

The Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date has not occurred on or before the End Date; or
- (b) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms prior to 8.00am on the Second Court Date.

3. SCHEME

3.1 Lodgement of Court order

Following the approval of the Scheme by the Court at the Second Court Hearing in accordance with section 250 of the PNG Companies Act, KPL will, as soon as possible (and in any event within one month in accordance with section 250(4) of the PNG Companies Act), lodge with the PNG Registrar of Companies a certified copy of the Court order approving the Scheme.

3.2 Transfer of Scheme Shares and entry of Kina BVI on Register

On the Implementation Date, subject to the provision of the Scheme Consideration in accordance with clause 4.1 and the Deed Poll and Kina BVI having provided KPL with written confirmation thereof, all of the Scheme Shares will, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, be transferred to Kina BVI, without the need for any further act by any Scheme Participant (other than acts performed by KPL or any of its directors or officers as attorney or agent for Scheme Participants under this Scheme), in accordance with clauses 3.3 and 3.4.

3.3 PNG Register

- (a) In respect of Scheme Participants holding Scheme Shares on the PNG Register, each such Scheme Participant, as transferor, authorises and directs the PNG Broker to effect a transfer of their Scheme Shares on the PNG Register to Kina BVI on the Implementation Date and for that purpose each such Scheme Participant

authorises and directs the PNG Broker to execute a transfer of the Scheme Shares on the PNG Register on their behalf.

- (b) KPL must enter Kina BVI in the PNG Register as the holder of all the Scheme Shares on the PNG Register on the Implementation Date.

3.4 **Australian Register**

- (a) In respect of Scheme Participants holding Scheme Shares on the Australian Register, each such Scheme Participant, as transferor, authorises and directs KPL to enter Kina BVI in the Australian Register as holder of those Scheme Shares, or to procure that those Scheme Shares are otherwise transferred to Kina BVI on the Implementation Date by any means reasonably determined by KPL (after having consulted in good faith with Kina BVI), including but not limited to, pursuant to:

- (i) an ASX Settlement Regulated Transfer;
- (ii) a Holding Adjustment; or
- (iii) a Scheme Transfer,

and each such Scheme Participant further authorises and directs KPL to take any action which KPL reasonably determines is necessary or appropriate to give effect to the entry in the Australian Register or transfer (as applicable), including but not limited to:

- (iv) executing and delivering, or causing to be executed and delivered, any documents;
 - (v) giving instructions to any relevant Participant under the ASX Settlement Operating Rules; or
 - (vi) Transmitting, or causing to be Transmitted, any Message.
- (b) KPL must enter Kina BVI in the Australian Register as the holder of all of the Scheme Shares on the Australian Register on the Implementation Date.
 - (c) If any action taken by KPL pursuant to clause 3.4(a) is subsequently determined by a court having appropriate jurisdiction not to have been effective to bring about the entry in the Australian Register of Kina BVI as holder of the Scheme Shares, then neither Kina BVI nor KPL will be entitled to set aside or claim from the Scheme Participants any of the Scheme Consideration provided to the Scheme Participants (in whole or in part) and, subject to clause 3.4(d), Kina BVI and KPL irrevocably waive any and all rights they would otherwise have in respect of the failure to bring about the entry in the Australian Register of Kina BVI as holder of the Scheme Shares.
 - (d) Paragraph 3.4(c) will not prevent KPL or Kina BVI from taking any and all further action (including but not limited to the execution of a Scheme Transfer) which it deems necessary or advisable in order to validly effect the transfer of the Scheme Shares on the Australian Register to Kina BVI.

3.5 **Agreement by Scheme Participants**

The Scheme Participants irrevocably agree, without the need for any further act by them, to the transfer of all of their Scheme Shares, together with all rights and entitlements attaching to their Scheme Shares as at the time of transfer, to Kina BVI and the entry of Kina BVI in the Register as the holder of all their Scheme Shares in accordance with the terms of the Scheme. Scheme Participants to whom Kina BVI Consideration Shares are

issued pursuant to the Scheme irrevocably agree, without the need for any further act by them, to become members of Kina BVI for the purposes of the *Business Companies Act 2004* (BVI) (**BVI Business Companies Act**) and to have their name and address entered in Kina BVI's register of members and to accept the Kina BVI Consideration Shares issued by way of Scheme Consideration subject to the Kina BVI Constitution and agree to be bound by the Kina BVI Constitution.

3.6 **Warranties by Scheme Participants**

Each Scheme Participant is deemed to have warranted to KPL and appointed and authorised KPL as its attorney and agent to warrant to Kina BVI, that all its Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to Kina BVI under the Scheme will, at the time of the transfer of the Scheme Shares to Kina BVI, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and any restrictions on their transfer and that it has the full power and capacity to sell and transfer its Scheme Shares (including any rights and entitlements attaching to those shares) to Kina BVI under the Scheme. KPL undertakes in favour of each Scheme Participant that it will provide such warranty to Kina BVI on behalf of that Scheme Participant.

3.7 **Transfer free from encumbrances**

To the extent permitted by law, all KPL Shares (including any rights and entitlements attaching to those shares) which are transferred to Kina BVI under this Scheme will, at the time of the transfer of them to Kina BVI, vest in Kina BVI free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

3.8 **Beneficial entitlement by Kina BVI**

From the Effective Date, Kina BVI will be beneficially entitled to the KPL Shares to be transferred to it under the Scheme (together with all rights and entitlements attaching to those KPL Shares), pending the effective transfer of those KPL Shares to Kina BVI.

3.9 **Appointment of Kina BVI as sole proxy**

From the Effective Date until the effective transfer of all the KPL Shares to Kina BVI, each Scheme Participant:

- (a) without the need for any further act by that Scheme Participant, irrevocably appoints Kina BVI as its proxy to (and irrevocably appoints Kina BVI as its agent and attorney for the purpose of appointing any director or officer of Kina BVI as that Scheme Participant's proxy and, where appropriate, its corporate representative to) attend shareholders meetings, exercise the votes attaching to KPL Shares registered in its name as the proxy or representative sees fit and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 3.9(a)); and
- (b) must take all other actions in the capacity of the registered holder of KPL Shares as Kina BVI directs.

4. **SCHEME CONSIDERATION**

4.1 **Provision of Scheme Consideration**

- (a) In consideration of Kina BVI's name being entered in the Register in respect of all the Scheme Shares, Kina BVI must:
- (i) on the Implementation Date:
 - (A) issue and allot to each Scheme Participant (other than an Ineligible KPL Shareholder) such number of Kina BVI Consideration Shares (if any) to which that Scheme Participant is entitled under this clause 4;
 - (B) issue and allot to the Sale Agent in accordance with clause 4.3 such number of Kina BVI Consideration Shares (if any) as are attributable to Ineligible KPL Shareholders;
 - (C) enter into the register of members of Kina BVI the name and address of:
 - (aa) each Scheme Participant (other than an Ineligible KPL Shareholder) in respect of the aggregate number of Kina BVI Consideration Shares issued to them under clause 4.1(a)(i)(A);
 - (bb) the Sale Agent in respect of the aggregate number of Kina BVI Consideration Shares issued to it under 4.1(a)(i)(B); and
 - (ii) subject to clause 4.5, as soon as practicable after the Implementation Date and no later than 5 Business Days after the Implementation Date, send or procure the despatch to:
 - (A) each Scheme Participant (other than an Ineligible KPL Shareholder) by pre-paid post to his or her address recorded in the Register at the Record Date; and
 - (B) the Sale Agent by pre-paid post to its registered address or such other address as it has notified to Kina BVI prior to the Implementation Date,

a holding statement or notice confirming the issue of the Kina BVI Consideration Shares to that Scheme Participant or the Sale Agent (as the case may be) representing the total number of Kina BVI Consideration Shares to be issued to that Scheme Participant or the Sale Agent (as the case may be) in accordance with this Scheme.
- (b) Except for a Scheme Participant's tax file number, any binding instruction or notification between a Scheme Participant and KPL relating to Scheme Shares as at the Record Date (including, without limitation, any instructions relating to payment of dividends or to communications from KPL) will, from the Record Date, be deemed (except to the extent determined otherwise by Kina BVI in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, Kina BVI in respect of the Kina BVI Consideration Shares issued to the Scheme Participant pursuant to the Scheme, until that instruction or notification is revoked or amended in writing addressed to Kina BVI through the Kina BVI Registry, provided that any such instructions or notifications accepted by Kina BVI will apply to and in respect of the issue of Kina BVI Consideration Shares as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

4.2 **Scheme Consideration**

Each Scheme Participant will, subject to clause 4.3, be entitled to receive as Scheme Consideration one Kina BVI Share for every 30 Scheme Shares held by that Scheme Participant at the Record Date under the Scheme.

4.3 **Ineligible KPL Shareholders**

- (a) Kina BVI will be under no obligation under the Scheme to issue, and will not issue, any Kina BVI Consideration Shares to an Ineligible KPL Shareholder, and instead Kina BVI will issue to the Sale Agent on the Implementation Date the Kina BVI Consideration Shares to which each Ineligible KPL Shareholder, having regard to the operation of clause 4.2, would otherwise have been entitled (if they were a Scheme Participant that was not an Ineligible KPL Shareholder).
- (b) Kina BVI will procure that, as soon as reasonably practicable, the Sale Agent:
 - (i) sells on ASX or POMSoX all of the Kina BVI Consideration Shares issued to the Sale Agent pursuant to clause 4.3(a) in such manner, at such price and on such other terms as the Sale Agent determines in good faith, and at the risk of the Ineligible KPL Shareholder; and
 - (ii) remits to Kina BVI (or at its direction) the gross proceeds of sale without deducting any brokerage costs, out of pocket expenses, stamp duty or taxes (other than any applicable withholding tax or other deductions of tax required by law or any revenue authority).
- (c) Promptly after the remittance in accordance with clause 4.3(b), Kina BVI will pay, or procure the payment, by cheque drawn in Australian currency, to each Ineligible KPL Shareholder (in accordance with clause 4.4) such proportion of the gross proceeds of sale remitted to (or at the direction of) Kina BVI pursuant to clause 4.3(b)(ii) as is equal to the number of Kina BVI Consideration Shares that would have been issued pursuant to the Scheme to that Ineligible KPL Shareholder (if they were a Scheme Participant that was not an Ineligible KPL Shareholder) divided by the total number of Kina BVI Consideration Shares issued to the Sale Agent pursuant to clause 4.3(a), without deducting any brokerage costs, out of pocket expenses, stamp duty or taxes (other than any applicable withholding tax or other deductions for tax required by law or any revenue authority) in full satisfaction of Kina BVI's obligations to that Ineligible KPL Shareholder under the terms of the Scheme in respect of the Scheme Consideration.

4.4 **Sending cheques**

Subject to clause 4.5, the despatch to a Scheme Participant of any cheque drawn in Australian currency for the proceeds of sale pursuant to clauses 4.3 must be by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) in an envelope addressed to their address shown in the Register as at the Record Date.

4.5 **Joint holders**

In the case of KPL Shares held in joint names:

- (a) any cheque required to be paid to Scheme Participants under this Scheme must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at the Record Date; and
- (b) holding statements or notices confirming the issue of the Kina BVI Consideration Shares to Scheme Participants must be issued in the names of the joint holders

and sent to the holder whose name appears first in the Register as at the Record Date.

4.6 Fractional entitlements

- (a) If the number of Scheme Shares held by a Scheme Participant at the Record Date is such that the aggregate entitlement of that Scheme Participant to Scheme Consideration includes a fractional entitlement to a Kina BVI Consideration Share, then the entitlement of that Scheme Participant must be rounded up or down, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number of Kina BVI Consideration Shares, and any such fractional entitlement of 0.5 or more will be rounded up to the nearest whole number of Kina BVI Consideration Shares.
- (b) If Kina BVI is of the opinion (acting reasonably) that two or more Scheme Participants, each of which holds a holding of Scheme Shares which results in rounding in accordance with clause 4.6(a), have, before the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding, Kina BVI may give notice to those Scheme Participants:
 - (i) setting out the names and registered addresses of all of them;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after the notice has been so given, the Scheme Participant specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Participants whose names and registered addresses are set out in the notice will, for the purposes of the Scheme, be taken to hold no Scheme Shares.

- (c) By complying with the other provisions of the Scheme in respect of the Scheme Participant specifically identified in the notice as the deemed holder of all the specified Scheme Shares, Kina BVI will be taken to have satisfied and discharged its obligations to the other Scheme Participants named in the notice under the terms of the Scheme.

4.7 Kina BVI Consideration Shares to rank equally

- (a) Kina BVI Consideration Shares issued to the Scheme Participants will be validly issued and will rank equally in all respects with all existing Kina BVI Shares.
- (b) On issue, each Kina BVI Consideration Share issued to the Scheme Participants will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

5. DEALINGS IN KPL SHARES

5.1 Determination of Scheme Participants

For the purpose of establishing who are the Scheme Participants, dealings in KPL Shares will only be recognised if registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Record Date at the place where the Register is kept.

5.2 Register

- (a) **Transmission applications or transfers received at or before the Record Date:** KPL must register registrable transmission applications or transfers of the kind referred to in clause 5.1 by the Record Date.
- (b) **Transmission applications or transfers received after the Record Date:** KPL will not accept for registration or recognise for any purpose any transmission applications or transfers in respect of KPL Shares received after the Record Date, other than a transfer to Kina BVI in accordance with the Scheme.
- (c) **Maintaining of the Register:** For the purpose of determining entitlements to participate in the Scheme, KPL will, until the Scheme Consideration has been provided, maintain the Register in accordance with the provisions of this clause 5 and, subject to clause 4.5, the Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) **Scheme Participant details:** KPL must procure that, as soon as practicable after the Record Date and in any event at least 2 Business Days before the Implementation Date, details of the names, registered addresses and holdings of KPL Shares of every Scheme Participant as shown in the Register at the Record Date are available to Kina BVI in such form as Kina BVI may reasonably require.
- (e) **Effect of the Record Date:** All statements of holding for KPL Shares (other than statements of holding in favour of Kina BVI) will cease to have any effect from the Record Date as documents of title in respect of those KPL Shares. As from the Record Date, each entry current at that date on the Register relating to KPL Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the KPL Shares relating to that entry.

6. QUOTATION OF SHARES

6.1 Suspension of trading in KPL Shares

KPL must apply to ASX and POMSIX for a suspension in trading in KPL Shares on and from the close of trading on the Effective Date.

6.2 Termination from official quotation of KPL Shares

KPL will apply, as and when required by Kina BVI, for termination of the official quotation of KPL Shares on ASX and POMSIX and the removal of KPL from the official list of those exchanges with effect from the Business Day after the date on which Kina BVI is duly registered as the holder of all the Scheme Shares in accordance with this Scheme.

6.3 Quotation of Kina BVI Consideration Shares

Kina BVI will use its best endeavours to procure that the Kina BVI Shares (including the Kina BVI Consideration Shares to be issued pursuant to the Scheme) will be quoted on ASX and POMSIX as soon as practicable after the Effective Date, initially on a deferred settlement basis and thereafter on a normal T+3 settlement basis.

7. GENERAL

7.1 Appointment of agent and attorney

Each Scheme Participant, without the need for any further act, irrevocably appoints KPL as its attorney and agent for the purpose of executing any document or form or doing any other act necessary or desirable to give effect to the terms of this Scheme, and KPL accepts such appointment. KPL, as agent and attorney of each Scheme Participant, may

sub delegate its functions, authorities or powers under this clause 7.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

7.2 KPL and Scheme Participants bound

The Scheme binds KPL and all Scheme Participants (including those who did not attend the Shareholders' Meeting, did not vote at that meeting or voted against the Scheme) and will, for all purposes, have effect notwithstanding any inconsistent provision in the constitution of KPL to the extent permitted by law.

7.3 Further assurances

KPL will execute all documents and do all acts and things necessary or expedient to give effect to the terms of the Scheme and the transactions contemplated by it.

7.4 Scheme Participants' consent

Each Scheme Participant irrevocably:

- (a) consents to KPL and Kina BVI doing all things necessary, incidental or desirable to the implementation and performance of the Scheme; and
- (b) acknowledges that the Scheme binds KPL and all of the Scheme Participants from time to time (including those who do not attend the Shareholders' Meeting, do not vote at that meeting or vote against the resolution to approve this Scheme).

7.5 Communications

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to KPL, it will not be deemed to have been received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at KPL's registered office or at the share registry of KPL. If communications are sent by fax, they are taken to be received at the time shown in the transmission report as the time that the whole fax was sent.

7.6 Alterations and conditions

KPL may by its counsel or lawyers, and with the prior consent of Kina BVI by its counsel or solicitors, consent on behalf of all persons concerned, including a Scheme Participant, to any modifications or conditions which the Court may impose, and each Scheme Participant agrees to such modifications or conditions which KPL has agreed to.

7.7 Stamp Duty

Kina BVI will pay any stamp duty and any related fines, penalties and interest payable on, or in connection with the transfer by Scheme Participants of the KPL Shares and the entry of Kina BVI as the holder of all the Scheme Shares in the Register.

7.8 Governing law

This Scheme is governed by the laws of Papua New Guinea. The parties submit to the non-exclusive jurisdiction of the National Court of Justice of Papua New Guinea and the courts of appeal from it.

8. DEFINITIONS AND INTERPRETATION

8.1 Definitions

In this Scheme, except where the context otherwise requires:

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

ASX Listing Rules means the official listing rules of ASX as from time to time amended or waived in their application to a party.

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

Australian Register means KPL's share register comprising KPL Shareholders designated in the share register as being on the "Australian Register" and holding KPL Shares that are capable of being traded on the ASX.

Business Day means a day (other than Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, Port Moresby and the BVI.

BVI means the British Virgin Islands.

BVI Business Companies Act means the BVI Business Companies Act 2004.

Conditions Precedent means the conditions precedent specified in clause 5.1 of the Implementation Agreement.

Court means the National Court of Justice of PNG, or any other court of competent jurisdiction under the PNG Companies Act.

Deed Poll means the Deed Poll dated 6 February 2019 executed by Kina BVI in favour of the Shareholders covenanting to provide the Scheme Consideration and to do all things necessary or expedient on its part to implement the Scheme, as amended, included as **Annexure C** to the Scheme Booklet.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 250(3) of the PNG Companies Act, of the Implementation Orders.

Effective Date means, when used in relation to the Scheme, the coming into effect, pursuant to section 250(3) of the PNG Companies Act, of the orders of the Court made under sections 250(1) and 251(1) of the PNG Companies Act, in relation to the Scheme.

End Date means 30 September 2019 or such later date as Kina BVI and KPL may agree in writing.

First Court Hearing means the hearing of the application by KPL for orders pursuant to section 250 of the PNG Companies Act including for the convening of the Shareholders Meeting.

Governmental Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or similar entity or organisation, or securities exchange.

Holding Adjustment has the meaning given to that term in the ASX Settlement Operating Rules.

Implementation means the issuing of the Scheme Consideration to Scheme Participants and the transfer of all KPL Shares to Kina BVI pursuant to the Scheme. A reference to **Implement** or **Implemented** has a corresponding meaning.

Implementation Agreement means the Implementation Agreement dated 6 February 2019 between Kina BVI and KPL relating to the implementation of the Scheme, as amended, included as **Annexure G** to the Scheme Booklet.

Implementation Date means the date falling 5 Business Days after the Record Date or such other date as Kina BVI and KPL may agree in writing or as required by a Governmental Agency.

Implementation Orders means the orders pursuant to sections 250(3) of the PNG Companies Act to give effect to the Scheme, and any orders to give effect to such incidental, consequential and supplemental matters as are necessary to ensure that the Scheme is fully and effectively carried out.

Independent Expert means an independent expert to be engaged by KPL in accordance with the PNG Companies Act to opine on whether the Scheme is in the best interests of KPL Shareholders.

Independent Expert's Report means the report of the Independent Expert for inclusion in the Scheme Booklet in accordance with the PNG Companies Act and the orders of the Court at the First Court Hearing.

Ineligible KPL Shareholder means each Shareholder whose name is recorded as the legal holder of KPL Shares in the Share Register as at the Record Date and whose address is recorded in the Share Register as at the Record Date as being a place outside Australia, PNG, Hong Kong, Singapore, New Zealand, UK or the US, unless Kina BVI is satisfied, before the Record Date and without being obliged to conduct any investigations into the matter, that such Shareholders lawfully can be issued Kina BVI Shares pursuant to the Scheme.

Kina BVI means Kina Petroleum Corporation, a company limited by shares incorporated under the law of BVI on 1 October 2015 with its registered office at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, VG1110, Virgin Islands, British and having registration number 1892389.

Kina BVI Consideration Shares means the Kina BVI Shares to be issued under the Scheme as Scheme Consideration.

Kina BVI Constitution means the constitution of Kina BVI as amended from time to time.

Kina BVI Registry means the corporate registry for Kina BVI.

Kina BVI Share means a fully paid share in Kina BVI to be issued in connection with the Scheme.

KPL means Kina Petroleum Limited.

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

KPL Shareholder means a person who is registered in the Register as a holder of KPL Shares.

Message has the meaning given to that term in the ASX Settlement Operating Rules.

Participant has the meaning given to that term in the ASX Settlement Operation Rules.

PNG means Papua New Guinea.

PNG Broker means Peleton Capital, being a stock broker registered to operate on POMSoX under PNG law and being a participating organisation for the purposes of, and as defined in, the business rules of POMSoX.

PNG Companies Act means the *Companies Act 1997* of PNG.

PNG Register means that part of KPL's share register comprising KPL Shareholders designated in the share register as being on the "PNG Register" and holding KPL Shares that are capable of being traded on POMSoX.

PNG Registrar of Companies means the Registrar of Companies appointed under section 394(1) of the PNG Companies Act.

POMSoX means Port Moresby Stock Exchange Limited.

Record Date means the second Business Day following the date on which the Scheme becomes Effective, or such earlier date as Kina BVI and KPL may agree to in writing.

Register means the PNG Register and/or the Australian Register, as the case requires, and **Registry** has a corresponding meaning.

Sale Agent means a person appointed by Kina BVI to act as agent for the purposes of clause 4.3 (and/or a nominee of that person that is a subsidiary of that person).

Scheme means this scheme of arrangement subject to any alterations or conditions made or required by the Court pursuant to section 250 or 251 of the PNG Companies Act and agreed or consented to by KPL and Kina BVI.

Scheme Booklet means the explanatory memorandum prepared pursuant to an order of the Court under section 250(2) of the PNG Companies Act at the First Court Hearing in relation to the Scheme, its attachments, the notice of meeting and proxy form.

Scheme Consideration means the consideration to be provided to Scheme Participants under the terms of this Scheme for the transfer to Kina BVI of their Scheme Shares, as ascertained in accordance with clause 4.

Scheme Implementation Agreement means the Scheme Implementation Agreement between KPL and Kina BVI dated 6 February 2019, a copy of which is included in the Scheme Booklet.

Scheme Participant means each KPL Shareholder as at the Record Date.

Scheme Share means each KPL Share on issue at the Record Date.

Scheme Transfer means, in relation to each Scheme Participant, a form of transfer for the purposes of section 65(2) of the PNG Companies Act which may be a master transfer of all or part of all of the Scheme Shares.

Second Court Date means that day on which an application made to the Court for orders approving the Scheme pursuant to section 250(2) of the PNG Companies Act is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Shareholders' Meeting means the meeting of KPL Shareholders convened by Court order pursuant to section 250(1) of the PNG Companies Act at which KPL Shareholders are to consider whether to approve the Scheme, including any adjournment of that meeting.

Transmit has the meaning given to that term in the ASX Settlement Operating Rules.

8.2 **Interpretation**

In this Scheme, unless the context otherwise requires:

- (a) headings and bolding are for convenience and do not affect interpretation;
- (b) the singular includes the plural and vice versa;
- (c) the word "person" includes a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- (d) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes and assigns;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) references to any legislation or regulations include any statutory modification of or substitution for such legislation or regulations;
- (g) references to agreements or deeds are to agreements or deeds as amended from time to time;
- (h) a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of, and a party, annexure, exhibit and schedule to, the Scheme and a reference to the Scheme includes any annexure, exhibit and schedule;
- (i) the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (j) a reference to a holder includes a joint holder;
- (k) references to a currency are to Australian currency; and
- (l) a reference to time is a reference to Port Moresby time.

Annexure C

DEED POLL



Deed Poll

Kina Petroleum Corporation
BVI Company Number 1892389

Scheme Participants

Scheme of Arrangement of Kina Petroleum
Limited
15 February 2019

THIS DEED POLL is made on 15 February 2019

BY Kina Petroleum Corporation whose registered office is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, VG1110, Virgin Islands, British (**Kina BVI**)

FOR THE BENEFIT OF each Scheme Participant.

OPERATIVE PROVISIONS:

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document.

Scheme means the scheme of arrangement under Part XVI of the PNG Companies Act between KPL and the Scheme Participants pursuant to which Kina BVI will acquire the KPL Group.

Tax Act means the *Income Tax Assessment Act 1997* (Cth).

Other capitalised words and phrases used in this document have the same meaning as given to them in the Scheme.

1.2 Rules for interpreting this document

In this deed poll, headings and bolding are for convenience only and do not affect its interpretation and, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) a reference to any document (including the Scheme) is to that document as varied, novated, ratified or replaced;
- (c) a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to, this deed poll and a reference to this deed poll includes any annexure and schedule;
- (d) a reference to a party to a document includes that party's successors and permitted assigns;
- (e) a reference to an agreement other than this deed poll includes an undertaking, deed, agreement or legally enforceable arrangement or understanding whether or not in writing;
- (f) the word "includes" in any form is not a word of limitation;
- (g) a reference to "\$" or "dollar" is to Australian currency; and
- (h) a reference to time is a reference to Port Moresby Time.

1.3 Nature of this deed poll

Kina BVI acknowledges and agrees that:

- (a) this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participants are not party to it; and

- (b) under the Scheme, each Scheme Participant irrevocably appoints KPL as its agent and attorney to enforce this deed poll against Kina BVI.

2. CONDITIONS AND TERMINATION

2.1 Conditions

This deed poll and the obligations of Kina BVI under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Kina BVI under this deed poll will automatically terminate and the terms of the deed poll will be of no force or effect if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms; or
 - (b) the Scheme is not Effective on or before the End Date,
- unless both Kina BVI and KPL otherwise agree in writing to extend the End Date.

2.3 Consequences of termination

If this deed poll is terminated under this clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to a party:

- (a) Kina BVI is released from its obligations under this deed poll; and
- (b) each Scheme Participant retains the rights, powers or remedies the Scheme Participant has against Kina BVI in respect of any breach of this deed poll which occurs before it is terminated.

3. CONSIDERATION

3.1 Performance of obligations generally

Subject to clause 2, Kina BVI covenants in favour of each Scheme Participant:

- (a) to provide or procure the provision of the Scheme Consideration to each Scheme Participant in consideration for the entry of Kina BVI's name in the Register as the holder of all the Scheme Shares in accordance with the Scheme;
- (b) to acquire all KPL Shares in accordance with the Scheme; and
- (c) otherwise to do all things necessary or expedient on its part to implement the Scheme.

3.2 Scheme Consideration

Subject to clause 2, the obligation of Kina BVI to provide, or procure the provision of, the Scheme Consideration referred to in clause 3.1(a) will be satisfied by Kina BVI:

- (a) on the Implementation Date:
 - (i) issuing and allotting to each Scheme Participant (other than an Ineligible KPL Shareholder) such number of Kina BVI Consideration Shares (if any) to which that Scheme Participant is entitled under the Scheme;

- (ii) issuing and allotting to the Sale Agent in accordance with the Scheme such number of Kina BVI Consideration Shares (if any) as are attributable to Ineligible KPL Shareholders;
 - (iii) entering into the register of members of Kina BVI the name and address of:
 - (A) each Scheme Participant (other than an Ineligible KPL Shareholder) in respect of the aggregate number of Kina BVI Consideration Shares issued to them under clause 3.2(a)(i); and
 - (B) the Sale Agent in respect of the aggregate number of Kina BVI Consideration Shares issued to them under clause 3.2(a)(ii);
- (b) subject to clause 3.4, as soon as practicable after the Implementation Date and no later than 5 Business Days after the Implementation Date, sending or procuring the despatch to:
 - (i) each Scheme Participant (other than an Ineligible KPL Shareholder) by pre-paid post to his or her address recorded in the Register at the Record Date; and
 - (ii) the Sale Agent (in respect of Ineligible KPL Shareholders) by pre-paid post to its registered address or such other address as it has notified to Kina BVI prior to the Implementation Date,

a holding statement or notice confirming the issue of the Kina BVI Consideration Shares to that Scheme Participant or the Sale Agent (as the case may be) representing the total number of Kina BVI Consideration Shares to be issued to that Scheme Participant or the Sale Agent (as the case may be) in accordance with the Scheme;
- (c) as soon as reasonably practicable, procuring that the Sale Agent:
 - (i) sells on ASX and POMSoX all of the Kina BVI Consideration Shares issued to the Sale Agent under clause 3.2(a)(ii) in such manner, at such price and on such other terms as the Sale Agent determines in good faith, and at the risk of the Ineligible KPL Shareholders; and
 - (ii) remits to Kina BVI (or at its direction) the gross proceeds of sale without deducting any brokerage costs, out of pocket expenses, stamp duty or taxes (other than any applicable withholding tax or other deductions of tax required by law or any revenue authority); and
- (d) promptly after the remittance in accordance with clause 3.2(c), paying, or procuring the payment, by cheque drawn in Australian dollars, to each Ineligible KPL Shareholder (in accordance with clause 3.3) such proportion of the gross proceeds of sale remitted to (or at the direction of) Kina BVI pursuant to clause 3.2(c)(ii) as is equal to the number of Kina BVI Consideration Shares that would have been issued pursuant to the Scheme to that Ineligible KPL Shareholder (if they were a Scheme Participant that was not an Ineligible KPL Shareholder) divided by the total number of Kina BVI Consideration Shares issued to the Sale Agent under clause 3.2(a)(ii), without deducting any brokerage costs, out of pocket expenses, stamp duty or taxes (other than any applicable withholding tax or other deductions for tax required by law or any revenue authority) in full satisfaction of Kina BVI's obligations to that Ineligible KPL Shareholder under the terms of the Scheme in respect of the Share Consideration.

3.3 **Sending cheques**

Subject to clause 3.4, the despatch to a Scheme Participant of any cheque drawn in Australian dollars for the proceeds of sale pursuant to clause 3.2(d) must be by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) in an envelope addressed to their address shown in the Register as at the Record Date.

3.4 **Joint holders**

In the case of KPL Shares held in joint names:

- (a) any cheque required to be paid to Scheme Participants under the Scheme must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at the Record Date; and
- (b) holding statements or notices confirming the issue of the Kina BVI Consideration Shares to Scheme Participants must be issued in the names of the joint holders and sent to the holder whose name appears first in the Register as at the Record Date.

3.5 **Roll-over election**

For the purposes of section 124-780(3)(e) of the Tax Act, Kina BVI chooses to obtain "scrip for scrip roll-over relief" under Subdivision 124-M of the Tax Act to the extent that the choice is made by Scheme Participants pursuant to the "Roll-over Election Form" accompanying the Scheme Booklet, in accordance with the requirements of the Tax Act.

4. **KINA BVI WARRANTIES**

Kina BVI warrants that:

- (a) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transaction contemplated by this deed poll;
- (c) it has taken all the necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it;
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound; and
- (f) the Kina BVI Consideration Shares which are issued to Scheme Participants in accordance with the Scheme will be validly issued, fully paid and will rank equally in all respects with other Kina BVI Shares.

5. **CONTINUING OBLIGATIONS**

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Kina BVI has fully performed its obligations under this deed poll; or

- (b) the earlier termination of this deed poll under clause 2.2.

6. NOTICES

6.1 Form

Any communications under or in connection with this deed poll must be:

- (a) in writing;
- (b) addressed to Kina BVI at the address shown below and marked for the attention of Geoff Walker:

Kina BVI

Address: Suite 209, 111 Harrington Street, Sydney NSW 2000

Email: Geoff.walker@kinapetroleum.com

For the attention of: Geoff Walker

- (c) signed by the person making the communication or (on its behalf) by the solicitor for, or by any attorney, director, secretary, or authorised agent of, that person.

6.2 Delivery

Any communications under or in connection with this deed poll must be:

- (a) left at the address set out in clause 6.1(b) of this deed poll;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in clause 6.1(b) of this deed poll; or
- (c) sent by email to the address set out or referred to in clause 6.1(b) of this deed poll,

However, if Kina BVI has notified a changed postal address or changed email address, then the communication must be to that address or number.

6.3 When effective

A notice takes effect from the time it is received unless a later time is specified.

6.4 Receipt postal

If sent by post, a notice is taken to be received on the third Business Day after posting (or seven days after posting if sent to or from a place outside Australia).

6.5 Receipt – email

If sent electronic form, and the addressee's email system logs the email message has having been received by 5.00pm (local time in the place of receipt) on that Business Day, or if the addressee's email system logs the email message has having been received after 5.00pm (local time in the place of receipt) on that Business Day, or on a day that is not a Business Day, on the next Business Day.

6.6 Receipt – general

Despite clauses 6.4 and 6.5, if a notice is received after 5.00 pm in the place of receipt or on a non-Business Day, it is taken to be received at 9.00 am on the next Business Day.

7. **STAMP DUTY**

Kina BVI will:

- (a) pay all stamp duties and any related fines, penalties and interest in respect of the Scheme or this deed poll, the performance of the Scheme or this deed poll and each transaction effected by or made under the Scheme or this deed poll; and
- (b) indemnify each Scheme Participant against any liability arising from failure to comply with paragraph (a) of this clause 7.

8. **GENERAL**

8.1 **Cumulative rights**

The rights, powers and remedies of Kina BVI and each Scheme Participant under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

8.2 **No Assignment**

The rights and obligations of Kina BVI and each Scheme Participant under this deed poll are personal and must not be assigned or otherwise dealt with at law or in equity.

8.3 **Variation**

Kina BVI must not vary a provision of this deed poll, or a right created under it unless:

- (a) before the Second Court Date, the variation is agreed to in writing by KPL and Kina BVI (which such agreement may be given or withheld without reference to or approval by any KPL Shareholder); or
- (b) after the Second Court Date, the variation is agreed to in writing by KPL and Kina BVI (which such agreement may be given or withheld without reference to or approval by any KPL Shareholder), and is approved by the Court.

8.4 **Waiver**

Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed poll by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other rights, power or remedy provided by law or under this deed poll.

8.5 **Severability**

If the whole or any part of a provision of this deed poll is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this deed poll has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause 8.5 has no effect if the severance alters the basic nature of this deed poll or is contrary to public policy.

8.6 **Further action**

Kina BVI will at its own expense promptly do all things and execute and deliver all further documents required by law or reasonably requested by any other party to give effect to this deed poll and the transactions contemplated by it.

8.7 Governing law and jurisdiction

This deed poll is governed by the law in force in Papua New Guinea. Kina BVI irrevocably and unconditionally submits to the non-exclusive jurisdiction of the National Court of Papua New Guinea and any court of appeal from it.

EXECUTED as a deed poll.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

SIGNED, SEALED AND DELIVERED by
KINA PETROLEUM CORPORATION in
the presence of:





Signature of witness



Name of witness



Signature of authorised signatory



Name of authorised signatory

Annexure D

COMPARISON OF PNG AND BVI LEGAL REGIMES

Introduction

As KPL is incorporated under the laws of PNG, the rights attaching to the KPL Shares are governed by the laws of PNG and KPL's constitution. As Kina BVI is incorporated under the laws of BVI, the rights attaching to the Kina BVI Shares will be governed by BVI law and Kina BVI's Articles.

This annexure is a **summary only** of the rights attaching to the Kina BVI's Shares (assuming that the Scheme becomes Effective) as compared to the rights attaching to the KPL Shares.

The Articles are subject to any amendments from the Board prior to Implementation.

A copy of KPL's constitution is available on KPL's website www.kinapetroleum.com.

Capitalised terms used in this document not otherwise defined in this document have the meaning given to them in the Definitions and Interpretation section of the Scheme Booklet. In this document, any reference to the "BVI Business Companies Act" refers to the BVI Business Companies Act 2004 and "Members" refer to the holders of ordinary shares of Kina BVI.

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
Rights Attaching to Shares		
Issue of additional shares	<p>Subject to the PNG Companies Act and the POMSoX Listing Rules, the constitution authorises:</p> <ul style="list-style-type: none"> the Board to issue, grant options over, or otherwise dispose of KPL Shares in KPL to such persons, on such terms and at the times the Board determines; and KPL to: <ul style="list-style-type: none"> consolidate and divide all or any of its share capital into shares of a larger amount than its existing KPL Shares; and sub-divide its KPL Shares or any of them so that the proportion of the amount paid and unpaid on each Share remains the same. <p>Subject to specified exceptions (for pro rata issues, etc), the POMSoX Listing Rules apply to restrict KPL from issuing, or agreeing to issue, more ordinary KPL Shares than the number calculated as follows in any 12 month period unless Shareholder approval is provided:</p>	<p>Subject to the BVI Business Companies Act and the POMSoX Listing Rules, the Articles authorise:</p> <ul style="list-style-type: none"> the Board to issue, grant options over, or otherwise dispose of Shares in Kina BVI to such persons, on such terms and at the times the Board determines; and Kina BVI to: <ul style="list-style-type: none"> divide all or any of its share capital into shares of a larger amount than its existing Shares; and combine all or any of its share capital into shares of a smaller amount than its existing Shares. <p>Subject to specified exceptions (for pro rata issues, etc), the POMSoX Listing Rules apply to restrict Kina BVI from issuing, or agreeing to issue, more ordinary Shares than the number calculated as follows in any 12 month period unless Shareholder approval is provided:</p> <p>15% of the total of:</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<p>15% of the total of:</p> <ul style="list-style-type: none"> the number of fully paid ordinary KPL Shares on issue 12 months before the date of the issue or agreement; plus the number of fully paid ordinary KPL Shares issued in the 12 months under a specified exception; plus the number of partly paid ordinary KPL Shares that became fully paid in the 12 months; plus the number of fully paid ordinary KPL Shares issued in the 12 months with Shareholder approval; less the number of fully paid ordinary KPL Shares cancelled in the 12 months, <p>less the number of ordinary KPL Shares issued or agreed to be issued in the 12 months before the date of issue or agreement to issue, but not under a specified exception or with Shareholder approval.</p>	<ul style="list-style-type: none"> the number of fully paid ordinary Shares on issue 12 months before the date of the issue or agreement; plus the number of fully paid ordinary Shares issued in the 12 months under a specified exception; plus the number of partly paid ordinary Shares that became fully paid in the 12 months; plus the number of fully paid ordinary Shares issued in the 12 months with Shareholder approval; less the number of fully paid ordinary Shares cancelled in the 12 months, <p>less the number of ordinary Shares issued or agreed to be issued in the 12 months before the date of issue or agreement to issue, but not under a specified exception or with Shareholder approval.</p>
Pre-emptive rights	The constitution provides that pre-emptive rights do not apply to an issue of KPL Shares by KPL unless the terms of issue of any KPL Shares provide otherwise.	The Articles provides that pre-emptive rights do not apply to an issue of Shares by Kina BVI unless the terms of issue of any Shares provide otherwise.
Issue of preference shares	<p>Subject to the POMSoX Listing Rules, the constitution authorises the Board to issue preferences KPL Shares, including redeemable preference KPL Shares.</p> <p>The constitution further provides that KPL may issue preference KPL Shares that confer the following rights on its holder:</p> <ul style="list-style-type: none"> the right on liquidation of KPL to payment in cash of the capital (including any premium) then paid up on it, and any arrears of dividend in respect of that preference Share, in priority to any other class of KPL Shares; the right to a cumulative preferential dividend payable in accordance with the terms of that preference Share, in priority to any payment of dividend to any other class of KPL Shares; no right to participate in surplus assets or profits of KPL whether on a liquidation of KPL or otherwise; and the same rights as the holders of ordinary KPL Shares except the right to vote at any meeting of Shareholders unless either: <ul style="list-style-type: none"> on the date of the notice convening the meeting, any dividend payable in respect of the preference Share is in arrears or KPL is in liquidation; or 	Subject to the POMSoX Listing Rules, the memorandum and Articles authorise the Board to authorise and create additional classes of shares and to fix the designations, powers, preferences, rights, qualifications, limitations and restrictions, if any appertaining to any and all classes of shares that may be issued.

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<ul style="list-style-type: none"> the business of the meeting includes, a proposal to appoint a liquidator of KPL; a proposal that affects rights attached to the preference Share; a proposal for the disposal of the whole of KPL's property, business and undertaking; or a proposal that the terms of a buy back agreement be approved, but in this case, the holder of a preference Share is not entitled to vote generally at the meeting, but only on the resolutions in respect of which that preference Share confers a vote on its holder. 	
Buy back of shares	<p>The constitution provides that subject to the POMSoX Listing Rules and the SCH Business Rules, KPL is authorised to:</p> <ul style="list-style-type: none"> agree to purchase or otherwise acquire any of its own KPL Shares from one or more Shareholders; and redeem any redeemable KPL Shares. <p>Under the PNG Companies Act, before KPL offers or agrees to purchase its own Shares the Board must resolve that:</p> <ul style="list-style-type: none"> the acquisition is in the best interests of KPL; the terms of the offer or agreement and the consideration to be paid for the KPL Shares are fair and reasonable to KPL; it is not aware of any material information that has not been disclosed to Shareholders which would result in the terms of the offer, or the consideration to be paid, being unfair to the Shareholders who accepted the offer; and the making of the offer or entry into the agreement is fair to those to whom the offer is not made or with whom no agreement is entered into, except where the offer (if fully accepted) or agreement is made in a manner which leaves unaffected the relative voting and distribution rights of all Shareholders. <p>Where all the Shareholders of KPL agree to the repurchase of KPL Shares in KPL, the repurchase is deemed to be validly authorised by KPL.</p>	<p>The Articles provides that subject to the POMSoX Listing Rules and the BVI Business Companies Act, Kina BVI is authorised to:</p> <ul style="list-style-type: none"> agree to purchase or otherwise acquire any of its own Shares from one or more Shareholders; and redeem any redeemable Shares. <p>Subject to certain exceptions, Kina BVI may not repurchase its shares unless the Directors are satisfied, on reasonable grounds, that Kina BVI will be solvent after such repurchase. Kina BVI can only redeem Kina BVI Shares with the consent of the shareholder whose shares are to be redeemed.</p>
Transfer of shares	<p>Under the constitution, KPL Shares generally are freely transferable.</p> <p>The Board may refuse or delay registration of a transfer of Shares where the law and either the POMSoX Listing Rules or the SCH Business Rules permit or require, provided the Board sets out in full the reasons for doing so.</p> <p>The POMSoX Listing Rules provide that KPL may refuse to register a paper-based transfer, or, may ask SCH to apply a holding lock to prevent a proper SCH transfer, if:</p>	<p>Under the Articles, Shares generally are freely transferable.</p> <p>The Board may refuse or delay registration of a transfer of Shares where the law and the POMSoX Listing Rules permit or require, provided the Board sets out in full the reasons for doing so.</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<ul style="list-style-type: none"> the entity has a lien on the securities under Listing Rule 6.13; the entity is served with a court order that restricts the holder's capacity to transfer the securities; registration of the transfer may break a PNG law and POMSoX has agreed in writing to the application of a holding lock or that KPL may refuse to register a transfer; during the escrow period of restricted securities; the transfer is paper-based, the entity is allowed to refuse to register it if some or all of the securities involved are reserved for an offeror because the offeree has accepted a takeover offer, which is not or is no longer subject to a defeating condition and the transfer is to, or at the direction of, the offeror; the transfer is paper based, a law related to stamp duty prohibits the entity from registering it; or the transfer is made in connection with an employee incentive scheme with which the transfer does not comply. 	
Dividends and distributions	<p>Subject to the PNG Companies Act, the Board may authorise the distribution of a dividend to Shareholders according to their respective rights and interests. The Board may determine the property to constitute the dividend and fix the time for distribution.</p> <p>Directors need to be satisfied that KPL is solvent immediately following the payment of dividends or distributions.</p>	<p>Subject to the BVI Business Companies Act, the Board may authorise distributions to members (Members) according to their respective rights and interests. The Board may determine the property to constitute the distributions and fix the time for distribution.</p> <p>Directors need to be satisfied, on reasonable grounds, that Kina BVI will be solvent immediately following the making of distributions.</p>
Voting rights	<p>As a general rule, the PNG Companies Act provides that power reserved to Shareholders is to be exercised by ordinary resolution, which is a simple majority (i.e. greater than 50%) of those Shareholders entitled to vote and voting.</p> <p>For certain matters voting on the question is by special resolution (which is a majority of 75% of votes cast on the resolution – unless KPL's constitution requires a higher majority, which it currently does not) including:</p> <ul style="list-style-type: none"> the adoption, alteration or revocation of KPL's constitution; a Major Transaction (see below); change of company name; an amalgamation of KPL under the PNG Companies Act (other than by scheme of arrangement); and the placement of KPL into liquidation. 	<p>The BVI Business Companies Act and the Articles provide that power reserved to Members is to be exercised by ordinary resolution, which is a simple majority (i.e. greater than 50%) of those Members entitled to vote.</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
Variation of rights	<p>If at any time the KPL Shares are divided into different classes, the rights attached to any class of KPL Shares (unless the terms of issue of that class otherwise provide) may only be varied or abrogated with either:</p> <ul style="list-style-type: none"> the consent in writing of the holders of 75% of the issued KPL Shares of that class; or by special resolution passed at a separate meeting of the Shareholders of that class. <p>A quorum in relation to a separate meeting of the holders of KPL Shares in a class shall be one natural person who is, or represents, the holder of a Share of that class and any holder of KPL Shares of that class present in person or by proxy, attorney or representative may demand a poll.</p>	<p>If at any time the Shares are divided into different classes, the rights attached to any class of Shares (unless the terms of issue of that class otherwise provide) may only be varied or abrogated with either:</p> <ul style="list-style-type: none"> the consent in writing of all of the holders of the issued Shares of that class; or at least 50% of the votes at a separate meeting of the Members of that class.
Continuous disclosure	<p>Under the POMSoX Listing Rules, KPL is required to disclose to POMSoX any information concerning KPL that a reasonable person would expect to have a material effect on the price or the value of its shares (or options).</p> <p>KPL is also subject to the PNG securities laws and ASX listing rules in relation to timely disclosure.</p>	<p>Under the ASX and POMSoX Listing Rules, Kina BVI is required to disclose to ASX and POMSoX any information concerning Kina BVI that a reasonable person would expect to have a material effect on the price or the value of its shares (or options).</p>
Directors		
Powers of the Board	<p>The KPL constitution provides that except as otherwise required by the PNG Companies Act, the POMSoX Listing Rules, any other applicable law or another provision of this constitution:</p> <ul style="list-style-type: none"> the business affairs of KPL shall be managed by, or under the direction or supervision of, the Board; and the Board has all the necessary powers for managing, and for directing and supervising the management of, the business and affairs of KPL, <p>to the exclusion of any meeting of Shareholders and the Shareholders.</p> <p>The PNG Companies Act provides that the business and affairs of KPL shall be managed by, or under the direction or supervision of, the Board.</p>	<p>The Articles provides that except as otherwise required by the BVI Business Companies Act, the POMSoX Listing Rules, any other applicable law or another provision of the Articles:</p> <ul style="list-style-type: none"> the business affairs of Kina BVI shall be managed by, or under the direction or supervision of, the Board; and the Board has all the necessary powers for managing, and for directing and supervising the management of, the business and affairs of Kina BVI, <p>to the exclusion of any meeting of Members.</p> <p>The BVI Business Companies Act provides that the business and affairs of Kina BVI shall be managed by, or under the direction or supervision of, the Board.</p>
Duties of Directors	<p>Under PNG law, the directors of KPL are subject to a number of duties, including to act in good faith in the interests of the company, to exercise care, skill and diligence, avoid conflicts of interest and not</p>	<p>Under BVI law, the directors of Kina BVI in exercising their powers or performing their duties owe the following fiduciary duties:</p> <ul style="list-style-type: none"> duty to act in good faith in what the directors believe to be in the best interests of

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	misappropriate company information.	<p>the company as a whole;</p> <ul style="list-style-type: none"> • duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose; • duty not to not improperly fetter the exercise of future discretion; • duty to exercise powers fairly as between different groups of shareholders; • duty not to put himself in a position of conflict between their duty to the company and their personal interests; and • duty to exercise independent judgment. <p>In addition, the directors of Kina BVI owe a fiduciary duty of care.</p>
Compensation of Directors	<p>Under the POMSoX Listing rules, the maximum amount to be paid to Directors for their services as Directors (other than the salary of an executive Director) is not to exceed the amount approved by Shareholders at a general meeting.</p> <p>The PNG Companies Act provides that, subject to the constitution, the Board may authorise payment of remuneration or the provision of other benefits to directors where it is satisfied that to do so is fair to KPL. The PNG Companies Act also does not prescribe limits on retirement or termination benefits.</p> <p>The KPL constitution provides that the fees for the Directors (excluding executive Directors):</p> <ul style="list-style-type: none"> • may not in any period of 12 months starting at the end of a financial year of KPL exceed in aggregate A\$300,000 or such other amount last fixed before the end of that year for those fees by ordinary resolution; • are to be allocated to those Directors as determined by the Board (including those Directors) or, if there is no such determination in any year, equally between them; and • accrue from day to day. <p>If a Director, having been requested to do so by the Board, either performs extra services or makes special exertions for KPL (including without limitation, going or living abroad), KPL may remunerate that Director by payment of a fixed sum determined by the Board.</p> <p>There is no provision under the PNG Companies Act which states that the board of directors can be removed if shareholders vote against the proposed remuneration of directors for two years in a row.</p>	<p>Under the ASX and POMSoX Listing rules, the maximum amount to be paid to Directors for their services as Directors (other than the salary of an executive Director) is not to exceed the amount approved by Shareholders at a general meeting.</p> <p>The Articles provide that with prior or subsequent approval by a Resolution of the Members, the Board may fix the compensation for Directors, in accordance with the ASX and POMSoX Listing Rules.</p> <p>There is no provision under BVI law which states that the board of directors can be removed if shareholders vote against the proposed remuneration of directors for two years in a row.</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
Transactions involving directors	<p>A Director of KPL is "interested in a transaction" to which KPL is a party if that Director may derive a material financial benefit from the transaction, has a material financial interest in, or is a Director, officer or trustee of a party to the transaction, is the parent, child or spouse of another party to the transaction, or is otherwise directly or indirectly materially interested in that transaction.</p> <p>The Director must give notice of the interest to KPL and the other Directors. Subject to the POMSoX Listing Rules, the interested Director may vote on the transaction unless the Board otherwise determines. The failure of a Director to disclose their interest in a transaction does not affect the validity of a transaction entered into by KPL or the Director. The transaction may be avoided by KPL within three months of disclosure to Shareholders unless KPL derives fair value from the transaction.</p>	<p>A Director must disclose his interest in a transaction entered into or to be entered into by Kina BVI to all of the other Directors. Subject to the POMSoX Listing Rules, the interested Director may vote on the transaction unless the Board otherwise determines. The failure of a Director to disclose their interest in a transaction does not affect the validity of a transaction entered into by Kina BVI or the Director. If the Director does not disclose the interest to the entire Board, then the transaction may be voided by Kina BVI unless the Members approve the transaction or Kina BVI derives fair value from the transaction.</p>
Number and nomination of directors	<p>The number of Directors (excluding alternate Directors) must be not less than three nor more than nine.</p> <p>The company may from time to time by ordinary resolution:</p> <ul style="list-style-type: none"> • increase or reduce the maximum number of Directors (other than alternate Directors); • if there is a reduction or increase, determine the rotation by which the reduced or increased number are to retire; and • appoint any person to be an additional Director (other than by appointing an alternate Director). <p>Except in the case of a Director retiring compulsorily under the constitution or a person recommended for appointment by the Board, a person is only eligible to be appointed as a Director by ordinary resolution where KPL receives both:</p> <ul style="list-style-type: none"> • a nomination of the person by a Shareholder; and • a consent to nomination signed by the person, <p>at its registered office at least 30 Business Days before the relevant meeting of Shareholders.</p> <p>A Director may from time to time appoint any person eligible to be a Director to be an alternate Director for a specified period or until the appointment is revoked.</p>	<p>The number of Directors (excluding alternate Directors) must be not less than three.</p> <p>Kina BVI may from time to time by ordinary resolution introduce a maximum number of Directors (other than alternate Directors).</p> <p>A Director may from time to time appoint any person eligible to be a Director to be an alternate Director for a specified period or until the appointment is revoked.</p>
Removal of directors	<p>The PNG Companies Act provides that, subject to the constitution, the Shareholders of KPL may remove a Director by passing an ordinary resolution at a meeting of KPL called for the purpose of removing the Director. The notice of meeting shall state that a</p>	<p>The Articles provide that the Members or Directors may remove a Director, with or without cause, by a resolution at a meeting of the Members or Directors by a written resolution passed by at least 75% of the votes of the Members or Directors of the</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<p>purpose of the meeting is to remove the Director.</p> <p>The constitution provides that KPL may by ordinary resolution remove a Director (other than an alternate Director), and also that the office of a Director automatically becomes vacant if the Director:</p> <ul style="list-style-type: none"> • becomes a bankrupt; • is not permitted by the PNG Companies Act (or an order made under the PNG Companies Act) to be a Director; • becomes of unsound mind; • is removed as a Director under the PNG Companies Act or the constitution; • either personally or by an alternate Director fails to attend three consecutive Board meetings without leave of absence from the Board; or • resigns by notice in writing in accordance with the PNG Companies Act. 	<p>Company entitled to vote.</p>
Rotation of directors	<p>At each annual meeting, the following Directors (other than each alternate Director and the managing Director) automatically retire and are eligible for re-appointment (and if not re-appointed, that retirement takes effect at the conclusion of that annual meeting):</p> <ul style="list-style-type: none"> • any Director appointed to fill a casual vacancy by the Board since the previous annual meeting; • one third (or if that is not a whole number, the next lowest whole number nearest to one third) of the Directors who are not: <ul style="list-style-type: none"> ○ to retire; ○ the managing Director; or ○ an alternate Director, who have been in office the longest and, as between Directors who have been in office for an identical period, those selected by lot unless otherwise agreed; and • any Director who, if that Director did not retire at that annual meeting, would at the next annual meeting, have held that office for more than three years. <p>At any annual meeting at which a Director automatically retires as described above, KPL may by ordinary resolution fill the office vacated by appointing a person as a Director.</p>	<p>The ASX and POMSOX Listing Rules require at least one director to be up for re-election at the annual general meeting for Kina BVI.</p>
Casual	The Board may at any time appoint any person as a Director (but not	The Board may at any time appoint any person as a Director (but not as an alternate

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
vacancies	<p>as an alternate Director) to fill a casual vacancy or as an addition to the Board, but so that the number of those Directors does not at any time exceed nine. Any Director appointed by the Board automatically retires at the next meeting of Shareholders of KPL and is eligible for re-appointment by that meeting.</p> <p>Where the office of a Director becomes vacant, the continuing Directors may continue to act except where the number of Directors falls below three, in which case the continuing Directors may act only to:</p> <ul style="list-style-type: none"> • appoint Directors up to that minimum number; • to convene a meeting of Shareholders; or • in emergencies. 	<p>Director) to fill a casual vacancy. The term of any Director appointed by the Board may not exceed the term that remained for the Director who ceased to be a Director.</p> <p>A vacancy may also be filled by a resolution of members.</p> <p>Where the office of a Director becomes vacant, the continuing Directors may continue to act except where the number of Directors falls below three, in which case the continuing Directors may act only to:</p> <ul style="list-style-type: none"> • appoint Directors up to that minimum number; or • to convene a meeting of Shareholders.
Directors' indemnity	<p>The PNG Companies Act contains a general prohibition against indemnifying a Director or employee of KPL in respect of:</p> <ul style="list-style-type: none"> • liability for any act or omission in his or her capacity as a Director or employee; or • costs incurred by that Director or employee in defending or settling any claim or proceeding relating to any such liability. <p>The PNG Companies Act allows, if expressly authorised by KPL's constitution, KPL to indemnify a Director or employee for legal costs where the proceeding relates to:</p> <ul style="list-style-type: none"> • liability for any act or omission in his or her capacity as a Director or employee, and a judgment is given in his or her favour, he or she is acquitted, or the proceeding is discontinued; • liability to any person other than KPL or a related company for any act or omission in his or her capacity as a Director or employee, not being criminal liability or liability in respect of a breach of: <ul style="list-style-type: none"> ○ in the case of a Director, the duty to act in good faith and in the best interests of KPL; or ○ in the case of an employee, any fiduciary duty owed to KPL or related company. <p>The PNG Companies Act also allows KPL, if expressly authorised by KPL's constitution and with the prior approval of the Board, to effect insurance for a Director or employee of KPL or a related company in respect of:</p> <ul style="list-style-type: none"> • liability, not being criminal liability, for any act or omission in his 	<p>The BVI Business Companies Act allows Kina BVI to indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:</p> <ul style="list-style-type: none"> • is or was a party to or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director of the company; or • is or was, at the request of the company, serving as a director of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise. <p>The indemnification right shall only apply if the person acted honestly and in good faith and in what he believed to be in the best interests of the company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.</p> <p>The BVI Business Companies Act also allows Kina BVI to purchase and maintain insurance in relation to any person who is or was a director of the company, or who at the request of the company is or was serving as a director of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the company has or would have had the power to indemnify the person against the liability.</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<p>capacity as a Director or employee; or</p> <ul style="list-style-type: none"> costs incurred by that Director or employee in defending or settling any claim or proceeding relating to any such liability; or costs incurred by that Director or employee in defending any criminal proceedings in which he or she is acquitted. 	
Directors' liability	<p>The constitution authorises KPL to indemnify, and does indemnify to the fullest extent permitted by the PNG Companies Act, each Director and employee of KPL or a related company for any legal costs incurred by that person in any proceeding that relates to:</p> <ul style="list-style-type: none"> liability for any act or omission in his or her capacity as a Director or employee and in which judgment is given in his favour, or in which he or she is acquitted, or the proceeding is discontinued; and liability to any person other than KPL or a related company for any act or omission in his or her capacity as a Director or employee, not being criminal liability or liability in respect of a breach of: <ul style="list-style-type: none"> in the case of a Director, the duty to act in good faith and in the best interests of KPL; or in the case of an employee, any fiduciary duty owed to KPL or related company. 	<p>The Articles authorises Kina BVI to indemnify, and does indemnify to the fullest extent permitted by the BVI Business Companies Act, each Director and employee of Kina BVI or a related company for any legal costs incurred by that person in any proceeding that relates to:</p> <ul style="list-style-type: none"> liability for any act or omission in his or her capacity as a Director or employee and in which judgment is given in his favour, or in which he or she is acquitted, or the proceeding is discontinued; and liability to any person other than Kina BVI or a related company for any act or omission in his or her capacity as a Director or employee, not being criminal liability or liability in respect of a breach of: <ul style="list-style-type: none"> in the case of a Director, the duty to act in good faith and in the best interests of Kina BVI; or in the case of an employee, any fiduciary duty owed to Kina BVI or related company.
Insider trading	<p>The <i>Capital Market Act</i> 2015 prohibits (subject to exceptions) an information insider from:</p> <ul style="list-style-type: none"> subscribing for, purchasing, or selling, or entering into an agreement to subscribe for, purchase, or sell, any securities in respect of which the person is an insider; or procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase, or sell, any such securities. <p>An information insider is a person who:</p> <ul style="list-style-type: none"> possesses material inside information that is not generally available to the market; and knows or ought reasonably to know that the information is material information; and knows or ought reasonably to know that the information is not generally available to the market. <p>Inside information means information that is not generally available</p>	<p>As BVI does not have a securities act which regulates insider trading, Kina BVI will be subject to the provisions set out in the ASX and POMSoX Listing Rules.</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	but, if it were generally available, would be expected by a reasonable person to have a material effect on the price or value of the securities.	
Shareholders' Meetings		
Quorum of shareholders	KPL's constitution provides that the quorum for a general meeting of Shareholders is five natural persons present in person, by proxy, by attorney, or by a duly appointed corporate representative.	The Articles provide that the quorum for a general meeting of Shareholders is five natural persons present in person, by proxy, by attorney, or by a duly appointed corporate representative.
Annual general meetings	<p>KPL's constitution provides that KPL must, in addition to any other meeting held by it, hold an annual meeting in accordance with the PNG Companies Act.</p> <p>The PNG Companies Act provides that the Board of KPL shall call an annual meeting of Shareholders to be held:</p> <ul style="list-style-type: none"> • once in each calendar year; and • not later than six months after the balance date of KPL; and • not later than 15 months after the previous annual meeting. 	The Articles provide that Kina BVI must, in addition to any other meeting held by it, hold an annual meeting.
Special / extraordinary meetings	<p>KPL's constitution provides that Directors may convene a special meeting of KPL at any time.</p> <p>Shareholders may requisition the holding of a special meeting as provided by the PNG Companies Act.</p> <p>The PNG Companies Act provides that Shareholders with at least 5% voting rights may require the Board to call a special meeting.</p>	<p>The Articles provide that Directors may convene a special meeting of Kina BVI at any time.</p> <p>Members may requisition the holding of a special meeting in accordance with the Articles, which provides that Members with at least 5% voting rights may require the Board to call a special meeting.</p>
Notice of meetings	<p>The constitution provides that the required notice period to Shareholders to call a meeting is 14 days.</p> <p>The notice shall:</p> <ul style="list-style-type: none"> • specify the date, time and place of the meeting; • state the nature of the business to be transacted at the meeting in sufficient detail to enable a Shareholder to form a reasoned judgment in relation to it; • include the text of any special resolution to be submitted to the meeting; and • if required by the POMSoX Listing Rules, include a form of proxy which: <ul style="list-style-type: none"> ○ provides for the Shareholder to vote for or against each resolution; ○ allows the Shareholder to appoint a proxy of the Shareholders 	The Articles provide that a copy of the notice of any meeting shall be given not less than 14 days before the date of the proposed meeting to those persons whose names, on the date the notice is given, appear in the register of Members and are entitled to vote at the meeting. Notice may be delivered to a Member in person, sent to the Member's address as provided in the register or otherwise in accordance with the Articles and the POMSoX and ASX Listing Rules.

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<p>choice; and</p> <ul style="list-style-type: none"> o may provide who is to be appointed as proxy if the Shareholder does not choose. <p>When a notice of a special meeting of Shareholders has been given, the Board may by notice given to all persons entitled to be given notice of the meeting, postpone or cancel the meeting.</p>	
Business at shareholders' meetings	<p>The constitution provides that a Shareholder may raise a matter for discussion or resolution at a meeting of Shareholders, at which the Shareholder is entitled to vote, by giving written notice of the Shareholder proposal to the Board.</p> <p>The Board will give notice of the Shareholder proposal and the text of any proposed resolution to all Shareholders:</p> <ul style="list-style-type: none"> • at the expense of KPL where notice is received by the Board not less than one month before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board; • at the expense of the Shareholder where notice is received by the Board not less than seven days and not more than one month before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board; • if practicable and at the expense of the Shareholder where the notice is received by the Board less than seven days before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board. 	<p>Aside from the ability for shareholders with at least 5% voting any proposals that can be put forward by shareholders are subject to the ASX Listing Rules and POMSoX Listing Rules.</p>
Shareholders' resolutions	<p>Shareholders are required to approve Major Transactions (which are broadly defined under the PNG Companies Act to include an acquisition, disposal or other transaction with a value that is more than half the value of the assets of KPL) by special resolution of Shareholders i.e. 75%.</p> <p>Shareholders voting against a resolution to approve:</p> <ul style="list-style-type: none"> • a Major Transaction; • an alteration of KPL's constitution which imposes or removes a restriction on the activities of KPL; or • an amalgamation under the PNG Companies Act (other than by scheme of arrangement), <p>which is approved by Shareholders have a right to be bought out by KPL at a fair and reasonable value.</p>	<p>The Articles provide for Members to take action without a meeting by a written consent signed by a majority (i.e. greater than 50%) of the Members entitled to vote.</p> <p>In order vary the rights attached to any class or series of shares, the memorandum of association requires unanimous written consent of the holders of the impacted class or series or the majority (i.e. greater than 50%) of votes cast at a meeting of the Members of such class or series.</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
Voting	<p>Each Share confers a right to vote at all general meetings. On a show of hands, each Shareholder present in person, or by proxy, attorney or body corporate representative, has one vote. If a poll is held, Shareholders present in person or by their proxy, attorney or body corporate representative will have one vote for every Share held at the record date for the meeting.</p> <p>A poll may be demanded by:</p> <ul style="list-style-type: none"> • at least five Shareholders entitled to vote at the meeting; • Shareholders representing not less than 10% of the total voting rights of all Shareholders having the right to vote at the meeting; • Shareholders holding KPL Shares that confer a right to vote at the meeting and on which the aggregate paid up in not less than 10% of the total amount paid up on all KPL Shares that confer that right; or • the chairman. <p>A poll may be demanded before or after a vote, but must be demanded before the declaration of the result of a vote on a show of hands. Where a poll is taken, a Shareholder is entitled to one vote for each Share held by them.</p>	<p>Each Share confers a right to vote at all general meetings. On a show of hands, each Shareholder present in person, or by proxy, attorney or body corporate representative, has one vote. If a poll is held, Shareholders present in person or by their proxy, attorney or body corporate representative will have one vote for every Share held at the record date for the meeting.</p> <p>A poll may be demanded by:</p> <ul style="list-style-type: none"> • at least five Shareholders entitled to vote at the meeting; • Shareholders representing not less than 10% of the total voting rights of all Shareholders having the right to vote at the meeting; • Shareholders holding Kina BVI Shares that confer a right to vote at the meeting and on which the aggregate paid up in not less than 10% of the total amount paid up on all Kina BVI Shares that confer that right; or • the chairman. <p>A poll may be demanded before or after a vote, but must be demanded before the declaration of the result of a vote on a show of hands. Where a poll is taken, a Shareholder is entitled to one vote for each Share held by them.</p>
Personal actions	<p>Other than the actions set out below, Shareholders or former Shareholders may bring an action against a Director for breach of a duty owed to that person as a Shareholder, but may not recover any loss relating to the value of KPL Shares by reason only of a loss suffered or a gain forgone by KPL.</p>	<p>Under the BVI Business Companies Act, a Member of Kina BVI may bring an action against Kina BVI for breach of a duty owed by Kina BVI to him or her as a Member.</p> <p>Our BVI counsel is not aware of any class action shareholders' suits being brought against a BVI company.</p>
Derivative actions	<p>A Shareholder or Director of KPL may bring an action on behalf of KPL or may intervene in an action to which KPL is a party for the purposes of continuing, defending or discontinuing the proceedings if leave is granted by the court. In determining whether to grant leave, the court must have regard to:</p> <ul style="list-style-type: none"> • the likelihood of the proceedings succeeding; • the costs of the proceeding in relation to the relief likely to be obtained; • any action already taken by KPL or a related company to obtain the relief; and • the interests of KPL or a related company in the proceedings. <p>Leave may be granted only where the court is satisfied that either:</p> <ul style="list-style-type: none"> • KPL does not intend to bring, diligently continue or defend, or 	<p>A Member of Kina BVI may bring an action on behalf of Kina BVI or may intervene in an action to which Kina BVI is a party for the purposes of continuing, defending or discontinuing the proceedings only if leave is granted by the court. In determining whether to grant leave, the court must take the following matters into account:</p> <ul style="list-style-type: none"> • whether the Member is acting in good faith; • whether the derivative action is in the interests of Kina BVI taking account of the views of Kina BVI's Directors on commercial matters; • the likelihood of the proceedings succeeding; • the costs of the proceeding in relation to the relief likely to be obtained; and • whether an alternative remedy to the derivative claim is available. <p>In addition, leave may be granted only where the court is satisfied that either:</p> <ul style="list-style-type: none"> • Kina BVI does not intend to bring, diligently continue or defend, or discontinue the

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<p>discontinue the proceedings; or</p> <ul style="list-style-type: none"> it is in the interests of KPL that the conduct of the proceedings should not be left to the Directors or to the determination of Shareholders as a whole. 	<p>proceedings; or</p> <p>it is in the interests of Kina BVI that the conduct of the proceedings should not be left to the Directors or to the determination of Members as a whole.</p>
Relief from oppression	Shareholders or former Shareholders of KPL may also bring an action if they consider the affairs of KPL have been, or are being, or are likely to be conducted in a manner that is, or is likely to be, oppressive, unfairly discriminatory, or unfairly prejudicial to them as Shareholders or in any other capacity.	Members of Kina BVI may apply to the High Court for an order if they believe the affairs of Kina BVI have been, are being or are likely to be conducted in a manner that is, or any act or acts of Kina BVI have been, or are, likely to be oppressive, unfairly discriminatory, or unfairly prejudicial to them in that capacity.
Inspection of records	<p>The constitution provides that no Shareholder is entitled to require discovery of, inspection of, or any information concerning the affairs of the Company, except as provided by the PNG Companies Act, or as permitted by the Board.</p> <p>Subject to the PNG Companies Act, the Board may determine whether any of the books, accounts and other information is to be available for inspection by Shareholders and, if so, the extent, time, place and conditions of inspection so permitted.</p> <p>The PNG Companies Act provides that Shareholders may inspect certain records of KPL (including its members' register and minutes of meetings of Shareholders).</p> <p>Persons authorised by a court may inspect and make copies of the records of KPL under a court order which may be granted where the court is satisfied the Shareholder or creditor making the application for such order is acting in good faith and the inspection is proposed to be made for proper purpose, and the person appointed to make the inspection is registered as a registered company auditor.</p>	<p>The BVI Business Companies Act provides that Members may inspect certain records of Kina BVI (including its Articles, members' register, directors' register and resolutions and minutes of meetings of Members).</p> <p>The BVI Business Companies Act allows the Board to refuse or limit a Member's right to inspect the records of KPI if the Board is satisfied that such inspection would be contrary to Kina BVI's interests.</p>
Takeovers		
Takeovers	Currently PNG has no take-overs code. However pursuant to the Capital Market Act 2015, the Minister may prescribe a take-overs code.	BVI does not have a takeover code, and neither BVI law nor the articles of association restrict the acquisition of Kina BVI's shares based on ownership thresholds applicable to the acquirer. The BVI Business Companies Act does permit compulsory acquisition of the remaining minority shares of Kina BVI if an acquirer holds 90% or more of the outstanding shares.
Winding Up		
Winding up	<p>Under the PNG Companies Act, KPL may be put into liquidation by appointing a person as liquidator.</p> <p>A liquidator may be appointed by a special resolution of Shareholders, on the occurrence of an event specified in the</p>	<p>Under the BVI Business Companies Act, Kina BVI may only be liquidated if it has no liabilities or is able to pay its debts as they fall due. Liquidation of insolvent companies is governed by the BVI Insolvency Act 2003.</p> <p>Once the Members have approved a liquidation plan in accordance with the BVI</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<p>constitution, or by the Court on application of KPL, a Director or Shareholder, a creditor or the PNG Registrar of Companies. The Court has a discretion to appoint a liquidator or where it is satisfied that:</p> <ul style="list-style-type: none"> • KPL is unable to pay its debts when they fall due; • KPL or the Board has persistently or seriously failed to comply with the PNG Companies Act; • KPL does not comply with one of the listed essential requirements under the Corporations Act; or • it is just and equitable that KPL be put in liquidation. <p>Shareholders rank behind the creditors and are, therefore, unlikely to receive any dividend in an insolvent liquidation.</p>	<p>Business Companies Act, the Board may pass a resolution appointing an eligible individual as a voluntary liquidator of Kina BVI.</p>
Accounts and Auditors		
Accounts	<p>The PNG Companies Act provides that the Directors of every company shall ensure that their company prepares financial statements or accounts in relation to itself, and financial statements and accounts in relation to the group, within five months after the balance date. The financial statement must be dated and signed by two Directors.</p> <p>The financial statements or accounts of KPL or group must comply with generally accepted accounting practice.</p> <p>Within 14 days after the annual meeting of KPL, copies of the financial statements of KPL and any group financial statements, together with a copy of the auditor's report on those statements, are submitted to the Registrar for registration.</p>	<p>The Articles provide that the Members may require the Board to provide a profit and loss account and balance sheet of Kina BVI as the Members see fit. A copy of such profit and loss and balance sheet shall be provided to the Members in a manner similar to notice for a meeting of Members.</p>
Auditors	<p>The company must, at each annual meeting, appoint an auditor to:</p> <ul style="list-style-type: none"> • hold office from the conclusion of the meeting until the conclusion of the next annual meeting; and • audit the financial statements of KPL and, where KPL is required to complete group financial statements, those group financial statements, for the accounting period next after the meeting. 	<p>The Board has the right to appoint the initial auditor; subsequent auditors shall be appointed by the Members.</p>
Related Party Transactions		
Related party transactions	<p>The POMSoX Listing Rules prohibit a listed company from acquiring a substantial asset (an asset the value of or consideration for which is 5% or more of the entity's equity interests) from, or disposing of a substantial asset to, certain related parties of KPL, unless it obtains</p>	<p>The POMSoX Listing Rules and ASX Listing Rules prohibit a listed company from acquiring a substantial asset (an asset the value of or consideration for which is 5% or more of the entity's equity interests) from, or disposing of a substantial asset to, certain related parties of Kina BVI, unless it obtains the approval of Shareholders. The related</p>

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<p>the approval of Shareholders. The related parties include a subsidiary, a person who has or has had in the prior six month period an interest in 10% or more of the KPL Shares in KPL and, in each case, any of their associates. The provisions apply even where the transaction may be on arm's length terms.</p> <p>The POMSoX Listing Rules also prohibit a listed company from issuing, or agreeing to issue, KPL Shares to a related party unless it obtains the approval of Shareholders or the share issue is exempt. Exempt Share issues include issues made pro rata to all Shareholders, under an underwriting agreement, under a dividend or distribution plan, or under an approved employee incentive plan.</p> <p>In the event of liquidation, there is a specific provision which allows the liquidator to recover an amount from a related company or party to the extent that KPL has paid an excessive amount for or disposed of for, an inadequate amount, any business property or services, within five years before the commencement of the liquidation.</p>	<p>parties include a subsidiary, a person who has or has had in the prior six month period an interest in 10% or more of the Shares in Kina BVI and, in each case, any of their associates. The provisions apply even where the transaction may be on arm's length terms.</p> <p>The POMSoX Listing Rules and ASX Listing Rules also prohibit a listed company from issuing, or agreeing to issue, Shares to a related party unless it obtains the approval of Shareholders or the share issue is exempt. Exempt share issues include issues made pro rata to all Shareholders, under an underwriting agreement, under a dividend or distribution plan, or under an approved employee incentive plan.</p>
Registered Office and Notices		
Registered office	The company's registered office shall be at such a place in Papua New Guinea as the Board may from time to time determine.	The company's registered office shall be at such a place in the British Virgin Islands as the Members may from time to time determine.
Notices	<p>Any document required to be served by or on the Company may be served in accordance with the provisions of the PNG Companies Act.</p> <p>A notice, statement, report, accounts, or other document to be sent to a Shareholder or creditor who is a natural person may be:</p> <ul style="list-style-type: none"> • given to that person; or • posted to that person's address or postal address; or • sent to that person by any means, including a facsimile machine, telex, computer or other electronic device that provides that document, or a copy of that document, to that person in a permanent form or image. <p>A notice, statement, report, accounts, or other document to be sent to a Shareholder or creditor that is a company may be served on that company:</p> <ul style="list-style-type: none"> • by delivery to a Director or the secretary of the company on the register; • by delivery to an employee of the company at its head office or principal place of business; • by delivery in such manner as a court directs; 	<p>Any document required to be served on Kina BVI may be served at Kina BVI's registered office or at the office of Kina BVI's registered agent in accordance with the provisions of the BVI Business Companies Act.</p> <p>A notice, statement, report, accounts, or other document to be sent to a Member may be:</p> <ul style="list-style-type: none"> • given to that Member; or • posted to that Member's address or postal address; or • sent to that Member by any means, including a facsimile machine, telex, computer or other electronic device that provides that document, or a copy of that document, to that person in a permanent form or image.

Right	KPL Position (Application of PNG law)	Kina BVI Position (Application of BVI law)
	<ul style="list-style-type: none"> • by leaving it at the company's registered office or address for service; • by posting it to the registered office, address for service or postal address; • in accordance with an agreement made with the company; or • by sending it to the principal office or place of business by any means, including a facsimile machine, telex computer or other electronic device that provide that document, or a copy of that document to that person in a permanent form or image. 	
Other		
Disclosure of substantial holdings	The Capital Market Act 2015 requires that persons who acquire a 5% relevant interest or more in a listed corporation must give notice of their interest to the listed corporation, POMSoX and the PNG Securities Commission. They must also give notice of any increase or reduction in their relevant interest by 1% or more or if their relevant interest falls below 5%. Whether or not a person holds a relevant interest in a listed corporation is widely defined.	There is no legal requirement under BVI law for a person acquiring a 5% relevant interest or more in a listed corporation to give notice of their interest to the corporation or to any other entity.

Annexure E

SCHEME MEETING NOTICE

Kina Petroleum Limited

Notice of Court Ordered Scheme Meeting of Shareholders

Notice is given that in accordance with an order of the National Court of PNG (**Court**), made on 11 November 2011 pursuant to section 250(2) of the *Companies Act 2001* (Cth), a meeting of holders of ordinary shares (**Shareholders**) of Kina Petroleum Limited (**KPL**) will be held at 11.00 a.m. at the Laguna Hotel, Waigani Drive, Port Moresby, PNG.

Business of the Scheme Meeting

Resolution

To consider and, if thought fit, to pass the following resolution:

"That, pursuant to and in accordance with section 250 of the Companies Act 1997, the scheme of arrangement between KPL and its Shareholders which is set out in Annexure B of the Scheme Booklet of which the notice convening this meeting forms part, is agreed to (with or without modification) as approved by the National Court of Papua New Guinea."

The contents and the sending of this Scheme Meeting Notice have been approved on behalf of the Board.

Dated 20 February 2019

BY ORDER ON BEHALF OF THE BOARD



David Vance

Non-Executive Chairman

Notice of Court Ordered Scheme Meeting of Shareholders – Explanatory Notes

Glossary

Capitalised terms in this notice not otherwise defined in this notice have the same meaning as set out in the Definitions and Interpretation Section of the Scheme Booklet.

Purpose

The purpose of the Scheme Meeting is to consider and, if thought fit, agree to a scheme of arrangement (with or without modification) to be made between KPL and the Scheme Participants pursuant to Part XVI of the PNG Companies Act. The Scheme is proposed to be made in the form of the scheme set out in **Annexure B** of the Scheme Booklet of which this notice forms part.

The Court has directed that Mr David Vance is to act as Chairman of the Scheme Meeting.

Voting and Requisite Majority

The resolution to approve the Scheme must be passed at the Scheme Meeting by at least 75% of the total number of votes cast by Shareholders on the resolution either in person or by proxy, attorney or (in the case of corporate shareholders) a body corporate representative.

The vote will be conducted by poll.

Entitlement to vote

Each Shareholder who is registered on the Share Register at 7.00pm on Thursday, 19 March 2019 is entitled to attend and vote in person, by proxy, attorney or (in the case of corporate shareholders) a body corporate representative at the Scheme Meeting.

Each Shareholder is entitled to one vote for each fully paid Share held.

If a Share is jointly held, only one of the Shareholders is entitled to vote. If more than one Shareholder votes a jointly held Share, only the vote of the Shareholder whose name appears first on the Share Register will be counted.

To vote in person at the Scheme Meeting, Shareholders must attend the Scheme Meeting at 11.00 a.m. at the Laguna Hotel, Waigani Drive, Port Moresby, PNG.

Proxies

Shareholders who are unable to attend and vote at the Scheme Meeting are entitled to appoint a proxy. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. To appoint a proxy, Shareholders are required to complete and return the enclosed Scheme Meeting proxy form. A proxy need not be a Shareholder.

Each completed proxy form (including any power of attorney under which it is signed) for the Scheme Meeting must be completed and lodged in one of the following ways:

(a) Australian Share Registry for KPL

By hand delivery:

Kina Petroleum Limited, C/-
Link Market Services Limited,
Level 12, 680 George Street,
Sydney NSW 2000

By post delivery:

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

By fax:

+61 2 9287 0309

(b) PNG Share Registry for KPL

By hand delivery:

Kina Petroleum Limited, C/-
PNG Registries Limited, Level
2, AON Haus, McGregor

Street, Port Moresby, NCD,
Papua New Guinea

By post delivery:

Kina Petroleum Limited, C/-
PNG Registries Limited, PO
Box 1265, Port Moresby, NCD,
Papua New Guinea

By fax:

Fax: +675 321 6379

Validly completed proxy forms must be received at an address above no later than 11.00am on Tuesday, 19 March 2019. In the case of proxy forms completed by an individual or a corporation under a power of attorney, the original or a certified copy of the power of attorney under which the proxy form is signed must also be received at an address above no later than 11.00am on Tuesday, 19 March 2019.

Further details in relation to proxies are set out in Section 4.6 of the Scheme Booklet.

Joint Holders

If two or more persons are registered as joint holders of any Share, only one of such holders shall be entitled to vote at the Scheme Meeting either personally or by proxy, attorney or corporate representative in respect of such Share as if he or she were solely entitled to it.

If more than one of such joint holders is present at the Scheme Meeting personally or by proxy, attorney or corporate representative and seeks to vote, then that one of the Shareholders so present whose name stands first on the Share Register and no other shall be entitled to vote in respect of such Share.

Corporate Representatives

Any corporate representative wishing to appoint a person to act as its representative at the meeting may do so by providing that person with:

- (a) a letter or certificate, executed in accordance with the corporate Shareholder's constitution, authorising that person as the corporate Shareholder's representative at the meeting; or
- (b) a copy of the resolution appointing the person as the corporate Shareholder's representative at the meeting, certified by a secretary or director of the corporate Shareholder.

Court approval

The Scheme (with or without modification) is subject to subsequent approval by the Court. If the resolution put to the Scheme Meeting is approved by the Requisite Majority, KPL intends to apply to the Court for an order to give effect to the Scheme.

Annexure F

ROLL-OVER FORM

ROLL-OVER ELECTION FORM Use a black pen.

Where a choice is required mark the box with an ☒.

IMPORTANT – This is an important document and requires your attention. Please use this Roll-over Election Form if you are eligible and intend to obtain roll-over relief under the Scheme. Where roll-over relief applies, you may be eligible to defer capital gains tax (see Section 11 of the Scheme Booklet for further details).

THIS ROLL-OVER ELECTION FORM CANNOT BE USED BY INELIGIBLE KPL SHAREHOLDERS.

Do not complete this Election Form until you have read the accompanying Scheme Booklet, in particular Section 11, and the instructions in this Roll-over Election Form.

If you are unsure whether you can obtain roll-over relief you should seek independent tax advice.

To be a valid choice for roll-over relief, you must choose to obtain roll-over relief by the time your income tax return for the year ending 30 June 2019 is lodged (no specific notice seeking to claim the roll-over needs to be lodged with the Australian Taxation Office). You must also notify Kina BVI of the cost base of your KPL Shares (by completing Section B of this form).

A. ELECTION FOR ROLL-OVER RELIEF

Is it your intention to obtain roll-over relief in respect of the Kina BVI Shares that you receive under the Scheme? If so, please mark the box below with an "X" (if you do not mark this box, Kina BVI will not make a joint election for roll-over relief with you and you may be liable for capital gains tax on disposal of your KPL Shares).

☐ YES, I/we intend to obtain roll-over relief

If you have answered "YES" please also complete sections B and C.

B. NOTIFICATION OF COST BASE

If you have answered yes to A, you must provide further details regarding your KPL Shares:

	Cost base AUD\$	No. of shares
What is the total cost base of your KPL shares in Australian dollars immediately before you received Kina BVI Shares (e.g. the amount you paid for your KPL Shares plus any non-deductible incidental costs of acquisition such as brokerage and stamp duty)?		

C. SIGN HERE

I/we confirm my/our intention to obtain roll-over relief under the Scheme in respect of my/our KPL Shares as set out above and have provided the information in section B to the extent required.

Shareholder 1

Director (if company)

Shareholder 2 (if joint)

Director/Secretary (if company)

Shareholder 3 (if joint)

Sole director and sole company secretary (if company)

Contact Name: _____

Contact Daytime Telephone: _____

Date: ____ / ____ / ____

IMPORTANT NOTES

- It is expected that Shareholders (other than Ineligible KPL Shareholders) who make a capital gain on the disposal of their KPL Shares should be eligible to choose roll-over relief under the Scheme. See section 11 of the Scheme Booklet for further details on the eligibility requirements to choose roll-over relief.
- Defined terms in the accompanying Scheme Booklet have the same meanings where used in this Roll-over Election Form.
- If you are in any doubt as to how to deal with this Roll-over Election Form, please contact your legal, financial or other professional adviser.

INELIGIBLE KPL SHAREHOLDERS

No Kina BVI Shares will be issued to Ineligible KPL Shareholders under the Scheme. If you are an Ineligible KPL Shareholder, you cannot make a choice for roll-over relief and Kina BVI will instead issue Kina BVI Shares in respect of your entitlement to the Sale Agent who will arrange the sale of those Kina BVI Shares and provide you with the net proceeds (as described in section 10.12 of the Scheme Booklet).

HOW TO COMPLETE THIS ELECTION FORM

STEP 1 – Read the Scheme Booklet (in particular section 11) that accompanied this Roll-over Election Form.

STEP 2 – If you are eligible to claim roll-over relief, decide whether you intend to obtain roll-over relief under the Scheme.

If you are eligible and intend to obtain roll-over relief:

STEP 3 – Complete sections A, B and C of this Roll-over Election Form. More details on these sections are set out below.

STEP 4 – Return this completed Roll-over Election Form to Link Market Services Limited as described under “Where to return this form” below.

You must also prepare your income tax return for the year ended 30 June 2019 in a manner that reflects this choice, by not including any capital gain relating to the disposal of your KPL Shares.

A. Roll-over Election

Choosing roll-over relief – If you are eligible and intend to obtain roll-over relief under the Scheme, please mark the box “YES” in the Roll-over Election Form. You must then complete sections B and C of this Roll-over Election Form and return it to Link Market Services Limited as described under “Where to return this form” below. You must also ensure you prepare your tax return for the year ended 30 June 2019 in a manner that reflects this choice, by not including any capital gain relating to the disposal of your Shares.

Not choosing roll-over relief – if you choose not to obtain roll-over relief under the Scheme, you do not need to complete or submit this Roll-over Election Form. In this case, Kina BVI will not make a joint election for roll-over relief with you and you may be liable for capital gains tax on disposal of your KPL Shares.

B. Notification of cost base

If you intend to obtain roll-over relief, you must notify Kina BVI of the cost base in your KPL Shares. Please provide the cost base of your KPL Shares immediately before you received the Kina BVI Shares. The cost base is broadly made up of the amount you paid for your KPL Shares plus any non-deductible incidental costs of acquisition and disposal of the KPL Shares (eg, brokerage and stamp duty costs). If you are unsure how to calculate the cost base of your KPL Shares you should seek independent tax advice.

C. Signing Instructions

You must sign and date the form as follows in the space provided:

Individuals – where the holding is in one name, the holder must sign.

Joint holding – where the holding is in more than one name, all of the holders must sign.

Companies – this form must be signed by either 2 Directors or a Director and a Company Secretary. Alternatively, where the company has a Sole Director and, pursuant to the Corporations Act 2001 (Cth), there is no Company Secretary, or where the Sole Director is also the Sole Company Secretary, that Director may sign alone. Please sign in the appropriate place to indicate the office held.

Power of Attorney – to sign as attorney, you must have already lodged the power of attorney or a certified copy of it with Link Market Services Limited or KPL. Alternatively, attach the power of attorney or a certified photocopy of the power of attorney to this form when you return it.

PRIVACY STATEMENT

Personal information is collected on this form by KPL and Kina BVI for the purpose of effecting your instructions in relation to the Election Form, maintaining registers of Shareholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate and their professional advisers, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by KPL or Kina BVI, or you would like to correct information that is inaccurate, incorrect or out of date, please contact KPL or Kina BVI.

Where to return this form

Please return the completed Roll-over Election Form to Link Market Services Limited either by fax to +61 2 9287 0309 or in the reply paid envelope provided or, if you are outside of Australia or do not otherwise use the reply paid envelope, to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 before or at the time you make your election in your tax return for the year 30 June 2019

Annexure G

SCHEME IMPLEMENTATION AGREEMENT



Scheme Implementation Agreement

Kina Petroleum Limited

PNG Company Number: 1-63551

and

Kina Petroleum Corporation

BVI Company Number: 1892389

Redomicile Scheme of Arrangement of Kina
Petroleum Limited
15 February 2019

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SCHEME IMPLEMENTATION AGREEMENT

BETWEEN:

- (1) **Kina Petroleum Limited** (ARBN: 151 201 704 and PNG Company Number 1-63551) whose registered office is at Level 10, MRDC Haus, Cnr of Champion Pde and Musgrave St Port Moresby, NCD Papua New Guinea (**KPL**); and
- (2) **Kina Petroleum Corporation** (BVI Company Number: 1892389) who registered office is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, VG1110, Virgin Islands, British (**Kina BVI**).

RECITALS

- (A) KPL and its directors propose that KPL become a wholly owned subsidiary of Kina BVI (**Restructure**).
- (B) The Restructure is proposed to be effected through the acquisition of KPL by Kina BVI pursuant to a scheme of arrangement.
- (C) Subject to the satisfaction of the conditions precedent set out in this document, KPL will propose a scheme of arrangement under Part XVI of the PNG Companies Act between KPL and the KPL Shareholders pursuant to which Kina BVI will acquire all of the issued shares of KPL as set out in this document (**Scheme**).
- (D) KPL and Kina BVI have agreed to implement the Scheme upon the terms and conditions of this document.
- (E) This document constitutes binding, enforceable legal obligations.

THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document.

Agreed Announcement means the announcement in the terms set out in clause 8.1 or in other terms agreed to by both parties.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532) as the holder of a licence to operate a clearing and settlement facility.

ASX Settlement Operating Rules means the operating rules of the clearing and settlement facility operated by ASX Settlement from time to time as modified by any express written waiver or exemption given by ASX or ASX Settlement.

Australian Corporations Act means the *Corporations Act 2001* (Cth) as modified by any relevant exemption or declaration by ASIC.

Business Day means a day (other than Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, Port Moresby and the BVI.

Competing Proposal means any expression of interest, proposal, offer, transaction or arrangement which, if either entered into or completed, would result:

- (a) in a third party (other than as nominee, custodian or bare trustee) acquiring an interest of 50% or more of the shares in KPL, acquiring a direct or indirect economic interest in all or a substantial part of the assets or business of KPL, acquiring control (within the meaning of section 50AA of the Australian Corporations Act) of KPL, or acquiring or assuming or otherwise holding a significant beneficial, economic or other interest in KPL or a substantial part of KPL's business or assets, by whatever means; or
- (b) in KPL being required to abandon or otherwise not proceed with the Scheme, by whatever means.

Condition Precedent means a condition precedent to the Scheme, being a condition precedent set out in clause 5.1.

Court means the National Court of Justice of Papua New Guinea, or any other court of competent jurisdiction under the PNG Companies Act.

Deed Poll means a deed poll to be executed by Kina BVI in the form agreed between the parties under which Kina BVI agrees to procure the provision of the Scheme Consideration to the Scheme Participants and to do all things necessary or expedient on its part to implement the Scheme.

Effective when used in relation to the Scheme, means the coming into effect, pursuant to section 250 of the PNG Companies Act, of the orders of the Court under section 250(1) of the PNG Companies Act approving the Scheme.

Effective Date means the date on which the orders of the Court under section 250(1) of the PNG Companies Act approving the Scheme come into effect in accordance with section 250(3) of the PNG Companies Act.

First Court Date means the first day of the First Court Hearing or, if the First Court Hearing is adjourned for any reason, means the first day of the adjourned First Court Hearing.

First Court Hearing means the hearing of the application by KPL for orders pursuant to section 250 of the PNG Companies Act including for the convening of the Shareholders' Meeting.

Governmental Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or similar entity or organisation, or securities exchange.

Implementation Date means the date that is 5 Business Days after the Record Date, or such other date as Kina BVI and KPL may agree in writing or required by a Governmental Agency.

Independent Expert means an independent expert to be engaged by KPL in accordance with the PNG Companies Act to opine on whether the Scheme is in the best interests of KPL Shareholders.

Independent Expert's Report means the report prepared by the Independent Expert for inclusion in the Scheme Booklet in accordance with the PNG Companies Act and the orders of the Court at the First Court Hearing.

Ineligible KPL Shareholder means a Scheme Participant whose address as shown in KPL's members' register is located outside PNG, Australia and its external territories, Hong Kong, New Zealand, UK and the United States of America and any other jurisdictions as may be agreed in writing by KPL and Kina BVI, unless Kina BVI is satisfied, before the Record Date and without being obliged to conduct any investigations into the matter, that such Shareholders lawfully can be issued Kina BVI Shares pursuant to the Scheme.

Kina BVI Board means the Board of Directors of Kina BVI.

Kina BVI Consideration Shares means the new Kina BVI Consideration Shares to be issued under the terms of the Scheme as Scheme Consideration.

Kina BVI Disclosed Information means all information provided on or prior to the date of this agreement by Kina BVI and its representatives to KPL and its representatives in connection with the Scheme or which relates to Kina BVI's past, present or future operations, affairs, business or strategic plans.

Kina BVI Provided Information means all information regarding Kina BVI and the Kina BVI Consideration Shares to enable the Scheme Booklet to be prepared, which for the avoidance of doubt will be the level of disclosure required if the issue of the Kina BVI Consideration Shares under the Scheme were a public offering of securities under the PNG Capital Market Act.

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

KPL Board means the Board of Directors of KPL.

KPL Control Transaction means any expression of interest, proposal, offer, transaction or arrangement by or with any person which, if either entered into or completed, would result in a third party acquiring an interest of 50% or more of the shares in KPL, acquiring a direct or indirect economic interest in all or a substantial part of the assets or business of KPL, acquiring control (within the meaning of section 50AA of the Australian Corporations Act) of KPL, or acquiring or assuming or otherwise holding a significant beneficial, economic or other interest in KPL or a substantial part of KPL's business or assets, by whatever means.

KPL Disclosed Information means all information provided by KPL and its representatives to Kina BVI and its representatives in connection with the Scheme or which relates to the past, present or future operations, affairs, business or strategic plans of the KPL Group.

KPL Group means KPL and its subsidiaries.

KPL Provided Information means all information included in the Scheme Booklet prepared by or on behalf of KPL other than the Kina BVI Provided Information and the Independent Expert's Report.

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

KPL Shareholder means a person who is registered as a holder of KPL Shares.

Law means all laws, statutes, regulations, statutory rules, orders, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority.

Material Contract means any agreement or commitment between any one or more KPL Group members and any one more other persons, or any lease, licence, permit or approval in relation to a project or tenement, which:

- (a) has a term of one year or more; or
- (b) contemplates, during its entire term, payments of A\$5 million or more in aggregate.

PNG means Papua New Guinea.

PNG Capital Market Act means the *Capital Market Act 2015* of PNG.

PNG Companies Act means the *Companies Act 1997* of PNG.

PNG Registrar of Companies means the Registrar of Companies appointed under section 394(1) of the PNG Companies Act.

PNG Securities Commission means the Securities Commission of Papua New Guinea.

PNG Securities Commission Act means the *Securities Commission Act 2015* of PNG.

POMSoX means Port Moresby Stock Exchange Limited or, as the context requires, the financial market operated by it.

Record Date means 7.00pm on the date that is 2 Business Days after the date on which the Scheme becomes effective.

Regulatory Approval means any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Governmental Agency or anything that would be fully or partly prohibited or restricted by law if a Governmental Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

Sale Agent means a person appointed by Kina BVI to sell the Scheme Consideration referable to the Ineligible KPL Shareholders in accordance with clause 4.2.

Scheme has the meaning given in Recital C.

Scheme Booklet means the explanatory memorandum to be prepared in accordance with the PNG Companies Act and the orders of the Court at the First Court Hearing in relation to the Scheme, which annexes the Independent Expert's Report, the scheme of arrangement by KPL, the deed poll by Kina BVI and the Notice of Meeting and Proxy Form as required by the Court.

Scheme Consideration means 1 Kina BVI Consideration Share for every 30 KPL Shares.

Scheme Participant means each KPL Shareholder as at the Record Date.

Second Court Date means the first day of the Second Court Hearing or, if the Second Court Hearing of such application is adjourned for any reason, means the first day of the adjourned Second Court Hearing.

Second Court Hearing means the hearing of the application by KPL for orders pursuant to section 250(1) of the Companies Act including for the approval of the Scheme.

Shareholders' Meeting means the meeting of KPL Shareholders convened by Court order under the PNG Companies Act at which KPL Shareholders are to consider whether to approve the Scheme, including any adjournment of that meeting.

Superior Proposal means a bona fide Competing Proposal that the KPL Board considers to be more favourable to the KPL Shareholders than the Scheme taking into account its fiduciary and statutory duties and based on a qualitative assessment of the identity, reputation and standing of the party making the Competing Proposal.

Timetable means the indicative timetable for the Scheme set out in schedule 1 to this document, as varied by agreement between the parties.

1.2 **Rules for interpreting this document**

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) Words and phrases which are defined by the PNG Corporations Act have the same meaning in this document.
- (b) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this document or to any other document or agreement includes a successor in title, permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (c) A singular word includes the plural, and vice versa.
- (d) A word which suggests one gender includes the other genders.
- (e) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (f) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (g) A reference to time is to the time in Port Moresby, PNG.
- (h) The expression **this document** includes the agreement recorded in this document.

2. **AGREEMENT TO PROPOSE SCHEME**

Subject to and upon the terms and conditions of this document, KPL agrees to propose and implement the Scheme in such form as the parties agree in writing under which all of

the KPL Shares held by Scheme Participants will be transferred to Kina BVI (or its nominee) and the Scheme Participants will be entitled to receive the Scheme Consideration.

3. SCHEME STRUCTURE

3.1 Implementation of Scheme

- (a) KPL and Kina BVI will implement the Scheme in the most commercially effective manner possible.
- (b) Subject to clause 2 and to the Scheme becoming Effective, as part of implementation of the Scheme:
 - (i) all existing KPL Shares at the Record Date will be transferred to Kina BVI (or its nominee); and
 - (ii) in exchange, each Scheme Participant will receive the Scheme Consideration.

4. ALLOTMENT AND ISSUE OF KINA BVI CONSIDERATION SHARES

4.1 Allotment and issue of Kina BVI Consideration Shares

Subject to the Scheme becoming Effective, Kina BVI must:

- (a) allot and issue the Kina BVI Consideration Shares to Scheme Participants in accordance with the Scheme on terms such that each Kina BVI Consideration Share will rank equally in all respects with each existing Kina BVI Share;
- (b) do everything reasonably necessary to ensure that the Kina BVI Shares (including the Kina BVI Consideration Shares) are approved for official quotation on ASX and POMSoX and that trading in the Kina BVI Consideration Shares commences by the first Business Day after the Implementation Date; and
- (c) ensure that on issue, each Kina BVI Consideration Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

4.2 Ineligible KPL Shareholders

- (a) Unless Kina BVI is satisfied that the laws of an Ineligible KPL Shareholder's country of residence (as shown in the register of KPL Shareholders) permit the issue of Kina BVI Consideration Shares to the Ineligible KPL Shareholder either unconditionally or after compliance with terms which Kina BVI reasonably regards as acceptable and practical, Kina BVI will not issue any Kina BVI Consideration Shares to Ineligible KPL Shareholders, and instead will issue the Kina BVI Consideration Shares that would otherwise have been issued to the Ineligible KPL Shareholders to the Sale Agent appointed by Kina BVI.
- (b) Kina BVI will procure that the Sale Agent sells those Kina BVI Consideration Shares on-market and remits the proceeds from that sale (after deducting any selling costs and taxes) to Kina BVI. Kina BVI will then remit the proceeds it receives to the Ineligible KPL Shareholders in accordance with their respective entitlements.

The remittance by Kina BVI to each Ineligible KPL Shareholder of the sale proceeds contemplated by clause 4.2(b) is in full and final satisfaction of that Ineligible KPL Shareholder's rights and entitlements to the Scheme Consideration.

4.3 **Fractional entitlements**

- (a) Any fractional entitlement of a Scheme Participant to a part of a Kina BVI Consideration Share of 0.5 or more will be rounded up to the nearest whole number of Kina BVI Consideration Shares.
- (b) Any fractional entitlement of a Scheme Participant to a part of a Kina BVI Consideration Share of 0.5 or less will be rounded down to the nearest whole number of Kina BVI Consideration Shares.
- (c) The Scheme will contain standard provisions under which Kina BVI will have the discretion to deem the holdings of two or more Scheme Participants to be held by one Scheme Participant to prevent any shareholding splitting or division designed to obtain unfair advantage by reference to such rounding.

5. **CONDITIONS PRECEDENT**

5.1 **Conditions Precedent**

The Scheme will not become Effective and Kina BVI will not be required to procure the provision of the Scheme Consideration unless each of the conditions precedent is satisfied or waived:

Conditions for the benefit of Kina BVI and KPL

- (a) before 8.00am on the Second Court Date, all Regulatory Approvals required to implement the Scheme being obtained and not withdrawn;
- (b) ASX and POMSx conditionally approving the listing of Kina BVI and the official quotation of the Kina BVI Shares (including the Kina BVI Consideration Shares) on ASX and POMSx;
- (c) the Independent Expert providing an Independent Expert's Report to KPL that concludes, in the opinion of the Independent Expert, the Scheme is in the best interests of KPL Shareholders;
- (d) the Scheme being approved by the requisite majority of KPL Shareholders in accordance with section 250 of the PNG Companies Act;
- (e) the PNG Securities Commission approving the Scheme pursuant to section 118 of the PNG Capital Market Act, issuing an exemption for the Scheme pursuant to section 39 of the PNG Securities Commission Act or prescribing that section 116(1) of the PNG Capital Market Act does not apply to the Scheme pursuant to section 116(6) of the PNG Capital Market Act;
- (f) the PNG Securities Commission either pursuant to section 39 of the Securities Commission Act exempting Kina BVI from the requirements of sections 128 – 137 (inc.) & section 140 of the PNG Capital Market Act in relation to any offer of Kina BVI Shares made pursuant to the Scheme or pursuant to section 126(1)(b) of the Capital Market Act prescribing that any such offer is an excluded offer;
- (g) the Court approving the Scheme in accordance with section 250 of the PNG Companies Act (subject to any conditions ordered by the Court and approved in writing by the parties);
- (h) no order or legislative restraint, whether permanent or temporary, being issued by any Governmental Agency that restricts or prohibits the implementation of the Scheme;

- (i) to the extent that implementation of the Scheme would require consent or trigger any right of termination or other material right in favour of a person (other than a KPL Group member), or any material liability owed by a KPL Group member, under a Key Material Contract, each required consent, waiver of each such right, and release of each such liability, being obtained (including in favour of Kina BVI on terms no more onerous than those applying to KPL) and not withdrawn (and, where given conditionally, subject to conditions acceptable to KPL and Kina BVI);

Conditions for the benefit of Kina BVI alone

- (j) each representation and warranty of KPL in clause 9 being true and correct in all material respects as at the date of this document and as at 8.00am on the Second Court Date;
- (k) the KPL Board unanimously recommending that KPL shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and in the absence of the Independent Expert finding that the Scheme is not in the best interests of KPL Shareholders, and not withdrawing or varying that recommendation;
- (l) as at 8.00am on the Second Court Date, KPL has not entered into any agreement with a third party in relation to a Superior Proposal that has been announced and recommended by the KPL Board; and

Conditions for the benefit of KPL alone

- (m) each representation and warranty of Kina BVI in clause 9 being true and correct in all material respects as at the date of this document and as at 8.00am on the Second Court Date.

5.2 Benefit of conditions Precedent

- (a) The Conditions Precedent in paragraphs (d), (e) and (f) of clause 5.1 cannot be waived.
- (b) The Conditions Precedent in paragraphs (a), (b), (c), (h) and (i) of clause 5.1 may only be waived by both Kina BVI and KPL giving their written consent.
- (c) The Conditions Precedent in paragraphs (j) to (l) (both inclusive) of clause 5.1 may only be waived by Kina BVI giving its written consent.
- (d) The Condition Precedent in paragraph (m) of clause 5.1 may only be waived by KPL giving its written consent.

5.3 Satisfaction of Conditions Precedent

- (a) Kina BVI and KPL must each use their best endeavours and co-operate with each other to satisfy the Conditions Precedent, to the extent that it is within its control and without providing any significant undertaking or financial consideration or commencing legal proceedings.
- (b) Kina BVI and KPL must promptly update each other with respect to their progress in satisfying the Conditions Precedent.
- (c) If, despite clause 5.3(a), a Condition Precedent is not satisfied, or is unable to be satisfied as at 8.00am two Business Days before the Second Court Date, the parties must consult in good faith to determine whether the Scheme, or any part of it, can be implemented on varied terms or by an alternative means.

5.4 **Regulatory Approvals**

- (a) Each party must promptly apply for all relevant Regulatory Approvals, providing a copy to the other party of all such applications and keeping the other party promptly and reasonably informed of the steps it has taken and of its progress towards obtaining the relevant Regulatory Approval (provided that a party is not obliged to provide the other party with any information which is commercially sensitive or if the provision would breach an obligation of confidence owed to any third party), and must take all steps it is responsible for as part of the approval process for the Scheme, including responding to requests for information at the earliest practicable time.
- (b) Each party must use best endeavours to consult with the other in advance in relation to all material communications with any Governmental Agency relating to any Regulatory Approval and provide the other party with all information reasonably requested in connection with the application for any Regulatory Approval.

6. **IMPLEMENTATION**

6.1 **Parties to co-operate**

Each of Kina BVI and KPL must take all necessary steps, and co-operate with each other, to propose and implement the Scheme and (subject to clause 6.2(j)) give effect to the orders of the Court approving the Scheme, and in accordance with the Timetable (although the Timetable may be shortened with the consent of the parties).

6.2 **Obligations of KPL**

Without limiting clause 6.1, KPL must take the following steps in accordance with the Timetable:

- (a) **(Material Contracts)** review all Material Contracts to identify any consent required to, or any right of termination or other material right in favour of a person (other than a KPL Group member), or any material liability owed by a KPL Group member, that would be triggered on, implementation of the Scheme, use its best endeavours to obtain all such consents, waivers of such rights and releases of such liabilities on conditions (if any) acceptable to Kina BVI, and keep Kina BVI informed of its progress in relation to the preceding;
- (b) **(Scheme Booklet)** prepare the Scheme Booklet (including the form of scheme of arrangement, which is to be approved by Kina BVI) which complies with all applicable regulatory, compliance and content requirements and the orders of the Court at the First Court Hearing (and update the Scheme Booklet for any material developments), and include in the Scheme Booklet the KPL Board's unanimous recommendation pursuant to clause 7.1(a) and each KPL Director's statement pursuant to clause 7.1(b);
- (c) **(KPL Provided Information)** ensure that the KPL Provided Information is not misleading or deceptive in any material respect and does not contain any material omissions, in the form and context in which it appears in the Scheme Booklet, and promptly inform Kina BVI if it becomes aware that the Scheme Booklet contains a statement that is or has become misleading or deceptive in a material respect or contains a material omission;
- (d) **(Independent Expert)** appoint the Independent Expert as soon as practical after the date of this document with instructions to prepare the Independent Expert's Report as soon as reasonably practicable, and include specifically in its terms of

reference to consider whether the Scheme is in the best interests of KPL Shareholders;

- (e) **(Scheme Meeting)** procure a meeting of the KPL Board to consider and, if thought fit, approve the Scheme Booklet;
- (f) **(lodgement of Scheme Booklet)** lodge a copy of the Scheme Booklet with the PNG Securities Commission, PNG Registrar of Companies, ASIC, ASX, POMSoX and any other relevant securities exchange;
- (g) **(court documents)** prepare and lodge with the Court all documents required in the Court proceedings in relation to the Scheme;
- (h) **(apply to the Court)** apply to the Court for orders to convene the Shareholders' Meeting and, subsequently, if the resolutions submitted to the Shareholders' Meeting in relation to approval of the Scheme are passed by the majority required by the Court, to approve the Scheme;
- (i) **(Court orders)** comply with all Court orders (including to convene the Shareholders' Meeting and dispatch the Scheme Booklet to KPL Shareholders and, subsequently, to effect the Scheme), and lodge the Court orders approving the Scheme with the PNG Registrar of Companies; and
- (j) **(appeal)** if the Court refuses to make orders convening the Shareholders' Meeting or approving the Scheme (either altogether or on terms not acceptable to Kina BVI or KPL), appeal the Court's decision to the fullest extent possible (unless the parties, acting reasonably, agree that an appeal would have no reasonable prospect of success).

6.3 **Obligations of Kina BVI**

Without limiting clause 6.1, Kina BVI must take the following steps in accordance with the Timetable:

- (a) **(Kina BVI Provided Information)** provide the Kina BVI Provided Information to KPL in a form which complies with all applicable regulatory, compliance and content requirements and the orders of the Court at the First Court Hearing (and update the Kina BVI Provided Information for any material developments);
- (b) **(Kina BVI Provided Information)** ensure that the Kina BVI Provided Information is not misleading or deceptive in any material respect and does not contain any material omissions, in the form and context in which it appears in the Scheme Booklet, and promptly inform KPL if it becomes aware that the Scheme Booklet contains a statement that is or has become misleading or deceptive in a material respect or contains a material omission;
- (c) **(reasonable assistance)** provide all reasonable assistance and information to enable the preparation of the Scheme Booklet (including provision of the Kina BVI Provided Information to KPL) and the Independent Expert's Report;
- (d) **(board meeting)** procure a meeting of the Kina BVI Board to consider and, if thought fit, approve the Kina BVI Provided Information and the Scheme Booklet;
- (e) **(listing applications)** do everything reasonably necessary to ensure the listing of Kina BVI and that the Kina BVI Shares are approved for official quotation on ASX and POMSoX and that trading in the Kina BVI Shares (including the Kina BVI Consideration Shares) commences by the first Business Day after the Implementation Date; and

- (f) **(Scheme Deed Poll)** prior to the First Court Date, execute the Deed Poll undertaking in favour of KPL Shareholders and on the Implementation Date issue the Kina BVI Consideration Shares in accordance with the Scheme.

7. BOARD RECOMMENDATIONS AND INTENTIONS

7.1 Announcement

The public announcement to be issued by KPL and Kina BVI following execution of this document must state that:

- (a) the KPL Board unanimously recommends to KPL Shareholders that they approve the Scheme and elect to receive the Scheme Consideration (in the absence of a Superior Proposal and subject to the Independent Expert opining that the Scheme is in the best interests of KPL Shareholders); and
- (b) each KPL Director will vote the voting rights attached to all KPL Shares over which he or she has control in favour of any KPL Shareholder resolutions to implement the Scheme and any related or ancillary transactions (in the absence of a Superior Proposal and subject to the Independent Expert opining that the Scheme is in the best interests of KPL Shareholders).

7.2 KPL Board

KPL must use its best endeavours to procure that the KPL Board and each KPL Director:

- (a) does not change, qualify or withdraw any of the statements or recommendation contemplated under clause 7.1; and
- (b) does not make any public statement or take any action that is, or may be reasonably construed as being, inconsistent with any of the statements or recommendation contemplated under clause 7.1,

unless:

- (c) in the Independent Expert Report, the Independent Expert opines that the Scheme is not in the best interests of KPL Shareholders; or
- (d) the KPL Board determines that an announced Competing Proposal is a Superior Proposal,

and a majority of the KPL Board determines in good faith and acting reasonably that the Scheme is no longer in the best interests of KPL Shareholders (having regard to their fiduciary and statutory duties).

8. PUBLIC ANNOUNCEMENTS AND COMMUNICATIONS

8.1 Public announcement

Kina BVI and KPL agree to jointly issue on the date of this document a public release in the form agreed between the parties which announces the Scheme, sets out the KPL Board's unanimous recommendation as contemplated in clause 7.1 and attaches a copy of this document.

8.2 Other communications

A party may make a public announcement or other disclosure, or communicate with a Governmental Agency, in respect of the Scheme if required by applicable Law or the rules of any applicable securities exchange but only after, to the extent possible, providing

reasonable notice to the other party and consulting with the other party regarding the form and content of the disclosure or communication.

9. REPRESENTATIONS AND WARRANTIES

9.1 Representations and warranties for the benefit of Kina BVI and KPL

Each of Kina BVI and KPL represent and warrant to the other party, on each date on and from the date of this document until and including the Second Court Date, that:

- (a) it has all of the necessary capacity, power and authority (whether corporate, regulatory or otherwise) to enter into and perform this document;
- (b) in entering into and performing this document it will not violate any Law, order or its constitution or any agreement binding on it; and
- (c) this document constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms.

9.2 Representations and warranties for the benefit of KPL alone

Kina BVI represents and warrants to KPL that:

- (a) on the date of this document and the Second Court Date:
 - (i) Kina BVI is solvent and in compliance with all applicable Laws and rules of any applicable securities exchange, has all material licences, permits and authorities to conduct its activities as conducted on the date of the document; and
 - (ii) as far as Kina BVI is aware, it is not the subject of any action or investigation by a Governmental Agency;
- (b) it has no reason to believe, acting reasonably, that all Regulatory Approvals which Kina BVI requires in BVI, PNG and Australia to operate its business as operated at the date of this document, including in any agreements, will not be granted or issued in due course, or, if already granted or issued, will not remain in force after the date of this document (including as a result of implementation of the Scheme) on materially the same terms that currently exist; and
- (c) on the First Court Date, the date of the Scheme Booklet and the Second Court Date, the Kina BVI Provided Information:
 - (i) is prepared and provided in good faith, with its consent and on the understanding that the Kina BVI Provided Information will be relied on by KPL to prepare the Scheme Booklet and to provide it to KPL Shareholders and to propose the Scheme and by the Independent Expert to prepare the Independent Expert's Report;
 - (ii) complies with all applicable Laws and rules of any applicable securities exchange; and
 - (iii) is not misleading or deceptive in any material respect and does not contain any material omissions, in the form and context in which it appears in the Scheme Booklet.

9.3 Representations and warranties for the benefit of Kina BVI alone

KPL represents and warrants to Kina BVI that:

- (a) KPL is not relying on any of the carve-outs in Rule 3.1A of the ASX Listing Rules to withhold material price sensitive information;
- (b) on the date of this document and on the Second Court Date:
 - (i) each KPL Group member is solvent and in compliance with all applicable Laws and rules of any applicable securities exchange, has all material licences, permits and authorities to conduct its activities as conducted on the date of the document; and
 - (ii) as far as KPL is aware, is not the subject of any action or investigation by a Governmental Agency;
- (c) it has no reason to believe, acting reasonably, that all Regulatory Approvals which the KPL Group requires in PNG and Australia to operate its business as operated at the date of this document, including in any agreements, will not be granted or issued in due course, or, if already granted or issued, will not remain in force after the date of this document (including as a result of implementation of the Scheme) on materially the same terms that currently exist; and
- (d) on the First Court Date, the date of the Scheme Booklet and the Second Court Date, that the KPL Provided Information:
 - (i) is prepared in good faith, with its consent and on the understanding that Kina BVI will rely on that information in preparing and approving the Kina BVI Provided Information in the form and context in which it appears in the Scheme Booklet;
 - (ii) complies with applicable Laws and rules of any applicable securities exchange; and
 - (iii) is not misleading or deceptive in any material respect and does not contain any material omissions, in the form and context in which it appears in the Scheme Booklet.

10. **NO RELIANCE**

10.1 **Own assessment**

- (a) Kina BVI expressly acknowledges that it is making its own independent assessment of the KPL Disclosed Information.
- (b) Subject to clauses 9.3(c) and 10.1(c), KPL makes and gives no representation or warranty (except as specifically provided for in this document):
 - (i) as to the accuracy or completeness of any of the KPL Disclosed Information;
 - (ii) that any of the KPL Disclosed Information has been audited, verified or prepared with reasonable care or that any statement about the future will or can be achieved or that the assumptions upon which statement is made are reasonable; or
 - (iii) that the KPL Disclosed Information is all of the information that the Recipient or a reasonable person would require or expect to receive for the proper evaluation of the Scheme.
- (c) Notwithstanding clause 10.1(b), KPL will:

- (i) use its reasonable endeavours to ensure that the KPL Disclosed Information which is provided on or after the date of this document is accurate and not misleading; and
- (ii) not provide Kina BVI or any of its representatives or advisers with any information as KPL Disclosed Information that, to the actual knowledge of any KPL Group member, is false, inaccurate or misleading.

11. **TERMINATION**

11.1 **Termination rights of both parties**

A party may terminate this document by notice to the other party:

- (a) if a Condition Precedent for the benefit of that party is not satisfied (or waived, where permitted) (subject, in relation to the condition precedent in clause 5.1(f), to any appeal process pursuant to clause 6.2(j)) by 5.00pm on the day before the Second Court Date; or
- (b) if the other party breaches any term of this document at any time before 8.00am on the Second Court Date and the breach is material in the context of the Scheme as a whole (provided that, if such breach is reasonably capable of remedy, notice of the material breach is given by the party not in breach and the material breach has not been remedied within five business days of such notice).

11.2 **Termination rights of Kina BVI**

Kina BVI may terminate this document at any time before 8.00am on the Second Court Date by notice to KPL if a KPL Director publicly changes, qualifies or withdraws their statement that the Scheme is in the best interests of KPL Shareholders or their recommendation that KPL Shareholders approve the Scheme, or publicly recommends, promotes or endorses a Competing Proposal.

11.3 **Effect of termination**

This clause 11 and clauses 1, 12, 13 and 14 will survive termination of this document.

12. **NOTICES**

- (a) A notice, consent or other communication under this document is only effective if it is in writing, signed and either left at the addressee's address or sent to the addressee by mail or email. If it is sent by mail, it is taken to have been received 3 working days after it is posted. If it is sent in electronic form, and the addressee's email system logs the email message has having been received by 5.00pm (local time in the place of receipt) on that Business Day, or if the addressee's email system logs the email message has having been received after 5.00pm (local time in the place of receipt) on that Business Day, or on a day that is not a Business Day, on the next Business Day.
- (b) A person's address and email are those set out below, or as the person notifies the sender:

KPL

Address:	Suite 209, 111 Harrington Street, Sydney NSW 2000
Email:	richard.schroder@kinapetroleum.com
Attention:	Richard Schroder

Kina BVI

Address:

Email:

Attention:

Suite 209, 111 Harrington Street, Sydney NSW 2000

richard.schroder@kinapetroleum.com

Richard Schroder

13. AMENDMENT AND ASSIGNMENT

13.1 Amendment

This document can only be amended or replaced by another document executed by the parties.

13.2 Assignment

A party may only assign, declare a trust over or otherwise deal with its rights under this document with the written consent of the other party.

14. GENERAL

14.1 Governing law

- (a) This document is governed by the laws of PNG.
- (b) Each party submits to the jurisdiction of the courts of PNG, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document.

14.2 Liability for expenses

Each party must pay its own expenses incurred in negotiating, executing, stamping and registering this document.

14.3 Operation of this document

- (a) This document contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document and has no further effect.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

14.4 Counterparts

This document may be executed in counterparts.

SCHEDULE 1

Timetable

Possible timetable for redom

Announcement of the Scheme	Friday, 15 February 2019
Date of the Scheme Booklet	Friday, 22 February 2019
Date for determining who must be provided with notice of the Scheme Meeting and the Voting Instruction Form (Notice Record Date)	7.00pm, Tuesday, 26 February 2019
Latest time and date for determining eligibility to vote at the Scheme Meeting	7.00pm Tuesday 19 March 2019
Latest time and date for lodgement of completed proxy forms for the Scheme Meeting	11.00am Tuesday 19 March 2019
Scheme Meeting	Thursday, 21 March 2019

If the Scheme is agreed to by the Requisite Majority of Shareholders, the expected timetable is:

Second Court Hearing for approval of the Scheme	Wednesday, 27 March 2019
Notify ASX and POMSoX	Wednesday, 27 March 2019
Effective Date of the Scheme	Friday, 29 March 2019
Last day of trading of the KPL Shares on ASX and POMSoX	Friday, 29 March 2019
Listing of Kina BVI Shares and trading in Kina BVI Shares commences on ASX and POMSoX on a deferred settlement basis	Monday, 1 April 2019
Record Date for determining entitlements to Scheme Consideration	Tuesday, 2 April 2019
Implementation Date – date of dispatch of Scheme Consideration	Tuesday, 9 April 2019
Delisting of KPL on ASX and POMSoX	Wednesday, 10 April 2019
Last date of deferred settlement trading in Kina BVI Shares	Wednesday, 10 April 2019
Dispatch of holding statements for Kina BVI Shares	Wednesday, 10 April 2019

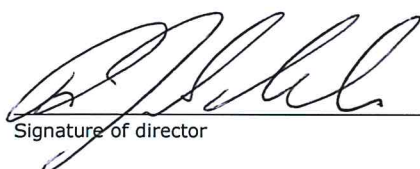
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EXECUTED as an agreement.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

THE COMMON SEAL of KINA
PETROLEUM LIMITED, the fixing of
which was witnessed by:

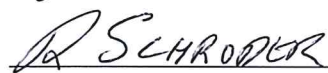




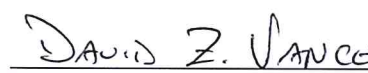
Signature of director



Signature of director/secretary

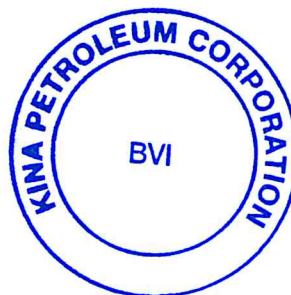


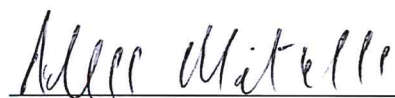
Name



Name

SIGNED, SEALED AND DELIVERED by
KINA PETROLEUM CORPORATION in
the presence of:






Signature of witness



Signature of authorised signatory



Name of witness



Name of authorised signatory

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: +61 1300 554 474

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 Scheme Meeting of the Company to be held at **11:00am (PNG time) on Thursday, 21 March 2019 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*

1 Scheme Resolution



* 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).

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" must 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 Tuesday, 19 March 2019**, 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 SCHEME MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**