



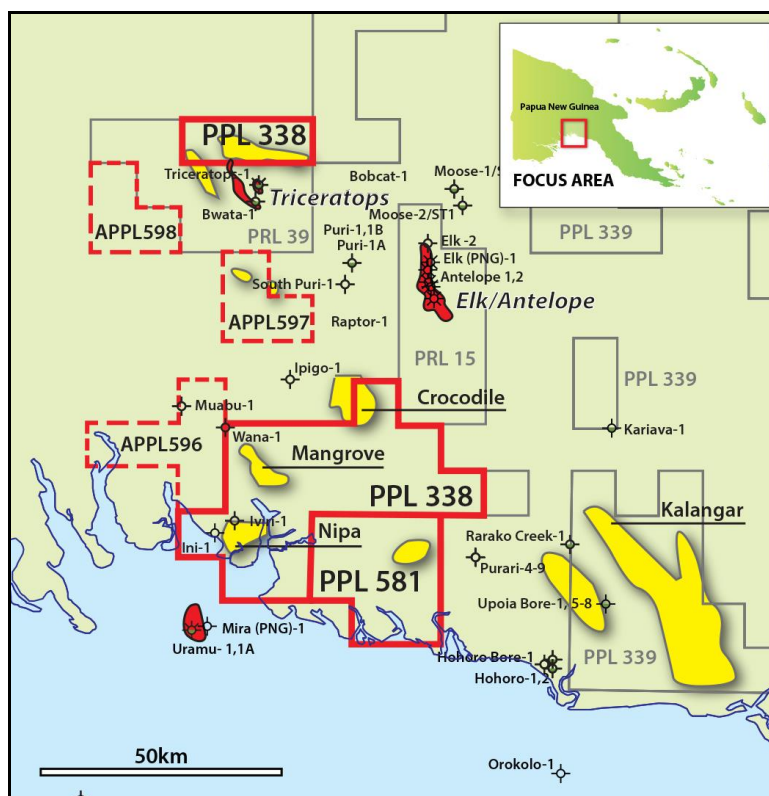
ASX ANNOUNCEMENT (ASX: KPL) 15th February, 2017

Grant of PPL 338 extension and award of New Licence PPL 581

Kina Petroleum Limited ("Kina") is pleased to provide an update in relation to its foreland exploration activities.

Kina confirms that the PPL 338 licence has been extended for a further 5 years and that it has been awarded a new licence PPL 581, covering part of the area of the previous PPL 338 licence.

A map of the new licence areas is shown below.



The original PPL 338 license, which was one of the cornerstones of Kina's initial public offering, expired in September 2015 and upon expiry Kina relinquished 50% of the PPL license area, as is required under the Oil and Gas Act (1998). The 50% that was retained, containing 20 graticular blocks, hosts the Nipa, Mangrove and Crocodile prospects to the south, and a potential extension of the Triceratops field to the north.

We also applied for a series of new licenses over the 50% of the original PPL 338 licence that was relinquished. One of these, PPL 581, which contains 8 graticular blocks, has now been awarded to Kina. Ministerial offer of the other three licence areas, APPLs 596, 597 and 598, is anticipated in the short term. The areas covered by these applications and the new PPL 581 license are shown on the map on the previous page.

PPL 338 has been awarded for a 5 year term, with an effective start date of 31 January 2017. PPL 581 has been awarded for a 6 year term also with an effective start date of 31 January 2017.

Prospectivity and Forward Program

Our new and renewed licences surround the PRL 15 acreage¹ containing the Elk/Antelope discoveries, which have been reported to have a 2C contingent resource of more than 6 tcf of gas² and are expected to underpin the Papua LNG project proposed by TOTAL S.A., and its partners.

The work program to be carried out in each licence is summarized below.

PPL 338 Work Program

- Years 1 & 2 – gravity/gradiometry survey.
- Years 3 & 4 – seismic survey and drilling of one well. A second well may be drilled depending on the outcomes of the first well.
- Year 5 – licence review.

PPL 581 Work Program

- Years 1 & 2 – gravity/gradiometry survey.
- Years 3 & 4 – seismic survey.
- Years 5 & 6 – drilling of one well.

In advance of drilling, Kina's immediate focus will be to complete gravity/gradiometry and seismic programs. It is intended that these will form part of a farmout program, the initial phase of which will be a gravity gradiometry survey over Mangrove, Nipa and Crocodile Prospects. The survey will link the Uramu-1 and Mira-1 gas discoveries in neighbouring licences to the south west, Kina's prospects in PPL 338 and through a possible data trade with neighbouring licenses, the Triceratops and Antelope discoveries.

¹ The PRL 15 licence is operated by Total SA. The licence participants are Total SA (40.1%), Oil Search (22.8%), InterOil (36.5%) and minorities (0.5%). Kina Petroleum Limited does not have an interest in PRL 15.

² Oil Search Limited release to the Australian Securities Exchange dated 15 July 2016.

Structure interpreted from the gravity/gradiometry survey will control the placement of seismic lines required to control the future well locations on the Uramu - Mangrove – Crocodile - Antelope Trend. The seismic program would be undertaken as a Kina Petroleum managed operation in an effort to reduce cost of the survey. It is anticipated that the timing of the seismic program will be brought forward so that drilling in the license can be accelerated if desired.

Kina Petroleum's Managing Director, Richard Schroder, commented:

"Kina is delighted that this licence extension and application has been confirmed. The prospectivity of the forelands area has been confirmed by the Elk/Antelope discoveries, and the proposed Papua LNG project confirms the potential for development. Kina is now ideally placed to capitalize on this commercial potential given the prime location of the PPL 338 and PPL 581 licences, along with the APPLs that are expected to follow shortly.

The prospects within the licences are well understood based on the technical evaluation and field work that has been completed so far. In the period leading up to licence grant, Kina was able to complete the analysis of its forelands data set, integrating nearby drilling results to build a better understanding of the structural fabric running from Triceratops to the south and east. Our technical work indicates the existence of conditions conducive to reef formation, which has in turn influenced deposition and distribution of clastics. This integrated understanding of the licenses will be central to our farmout effort.

The requirements of the forward work program, which we intend to complete as part of a multi-licence farmout, have been designed to mature the prospects to drillable status which will allow us to unlock the potential within these licences."

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