



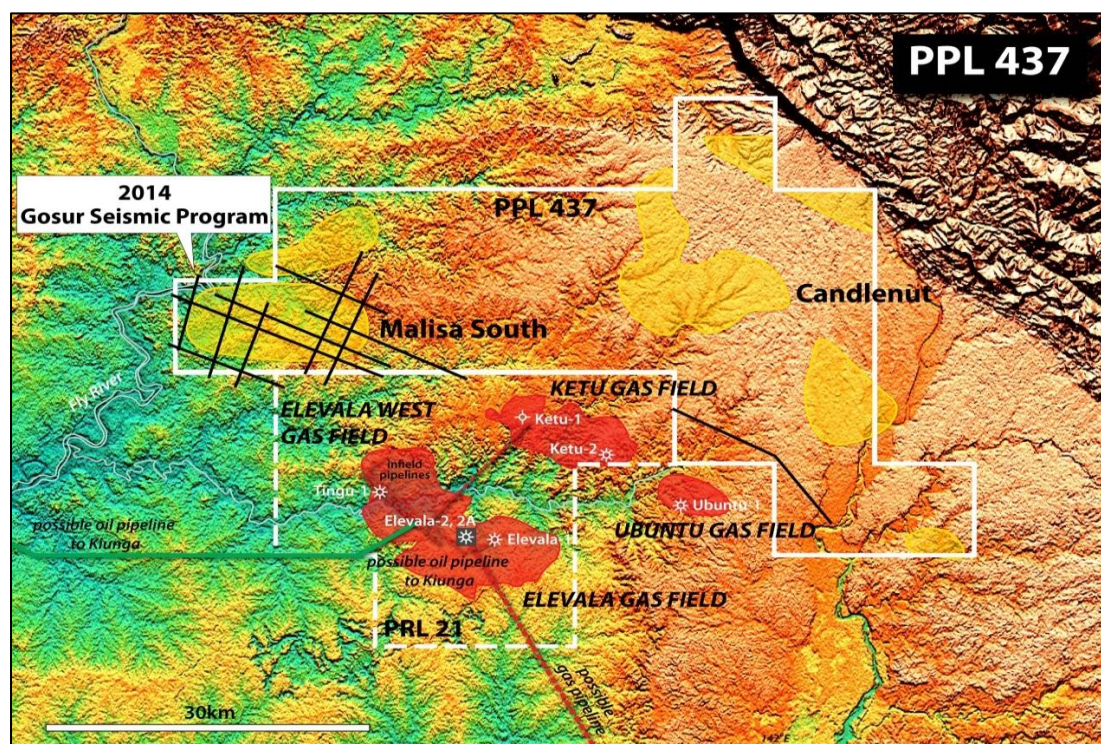
ASX ANNOUNCEMENT (ASX: KPL) 27 October, 2014

Exploration Update – PPL 437

Kina Petroleum Limited (“Kina”) is pleased to provide an update on exploration activities in the PPL 437 licence.

The Gosur seismic program was completed in September. The program acquired 106 line kilometres in the Western part of PPL 437 over the Malisa South lead and the data is now being processed. When processing is complete Kina will move to transfer 30% equity in the licence to Heritage pursuant to the Farmin Agreement with Heritage.

A map of PPL 437 and the coverage of the seismic program is shown below.





Withdrawal of Cott Oil and Gas Limited

Kina notes also that, along with farmin partner Heritage, it has reached agreement with Cott Oil and Gas (PNG) Limited ("Cott") which will see Cott withdraw from the licence.

In light of work commitments throughout the remainder of the licence period, Cott sought to withdraw as it wished to preserve funds in order to focus on areas where they hold material interests.

Cott's 20% interest in the licence will, subject to government approval, be re-assigned with 7.5% being transferred to Kina and 12.5% to Heritage. Heritage will fund Cott's share of the costs associated with the recent seismic program, and in doing so, will fully carry the cost of the seismic program associated with the 7.5% interest assigned from Cott to Kina. This carry is separate and in addition to the full seismic carry in respect of Kina's pre-existing interest in the PPL 437 licence (see ASX release of 24 October, 2013).

Upon completion of the carry in respect of the seismic, the 7.5% interest transferred to Kina will revert to a paying interest. With regard to the seismic carry relating to Kina's pre-existing interest, to the extent that there is a residual monetary value of that carry (now that the seismic program is complete), that value will be applied against the 7.5% paying interest, most likely for an exploration well to be drilled based on the recent seismic program.

Upon completion of the transfer from Cott, Kina's potential post farmout interest in PPL 437 will be 37.5%

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

The early indications from the recently completed seismic program confirm the prospectivity that we had believed existed and which was the basis of our initial interest in the licence. Over the coming months we will interpret the processed data with the specific aim of defining a drillable prospect.

We expect that prospects identified in PPL 437 will bear a number of the geological characteristics of the discoveries in the adjacent PRL 21 licence, in which we have a 15% interest and, if drilling results are positive, PPL 437 will benefit from possible commercialisation pathways arising from development of nearby resources.



Of course, the acquisition of an additional 7.5% of the licence places Kina in an enviable position, providing it with further commercialisation options for realising value in the licence. The nature and desirability of those options will become clearer as the results of the seismic are interpreted."

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