



**Kina**  
PETROLEUM LIMITED

PNG Company Number  
1-63551

# Corporate Update

November, 2014



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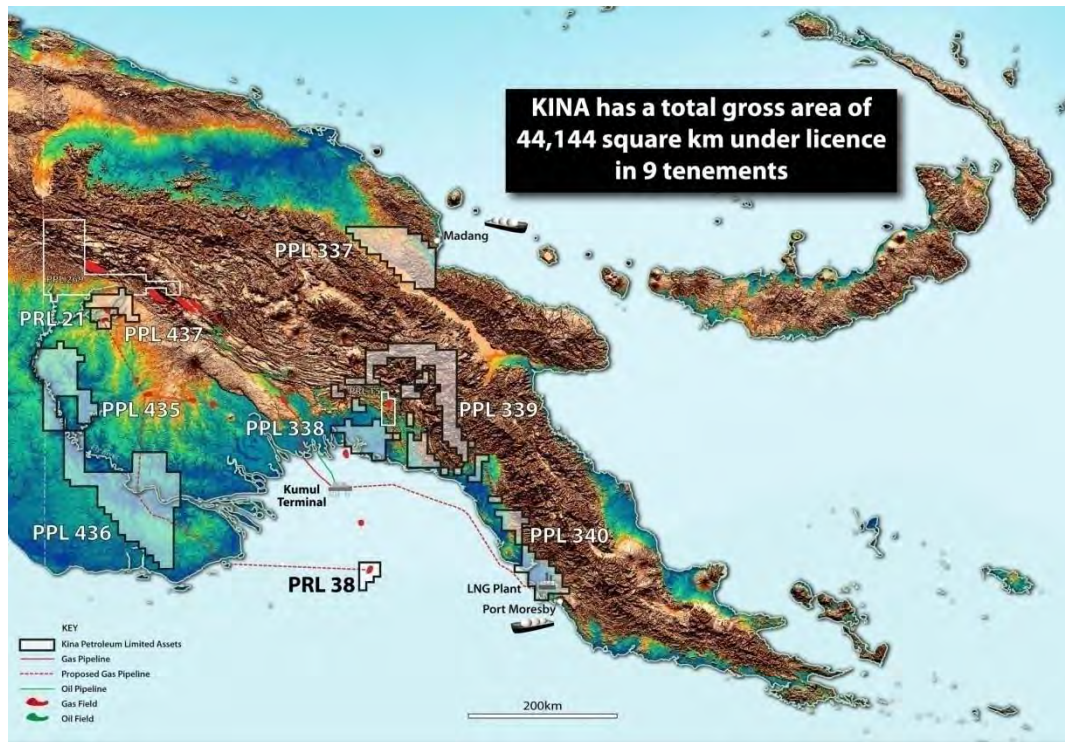
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## Competent Person Statement

The technical information contained in this presentation is based on information compiled by Mr Richard Schroder (Managing Director). Mr Schroder has more than 30 years experience within the industry and consent to the information in the form and content in which it appears.





- PNG LNG project onstream.
- Kina holds 15,300km<sup>2</sup> of exploration acreage in the Antelope Play Fairway.
- Oil Search entry into PRL 15 (Elk/Antelope)
- Santos entry into PPL 269.
- Heritage Oil farmin to work program begins in PPL 337 and PPL 437.
- Phil Mulacek's PIE buys ~ 20% of KPL on 6/11/14 for ~\$18m bringing ~20 years of successful exploration and investment experience in PNG to Kina.
- PIE's entry into Kina endorses the company's growth strategy.
- New capital funds Kina's commitments through 2015/16.



- **PRL 21** - provides a basis for future growth:

- Elevala-1 - discovery
- Elevala-2&2A - successful appraisal
- Ketu-1&1A - discovery
- Ketu-2 - successful appraisal
- Tingu-1 - discovery
- PDL Application submitted March 2014
- PDL expected during 2015.

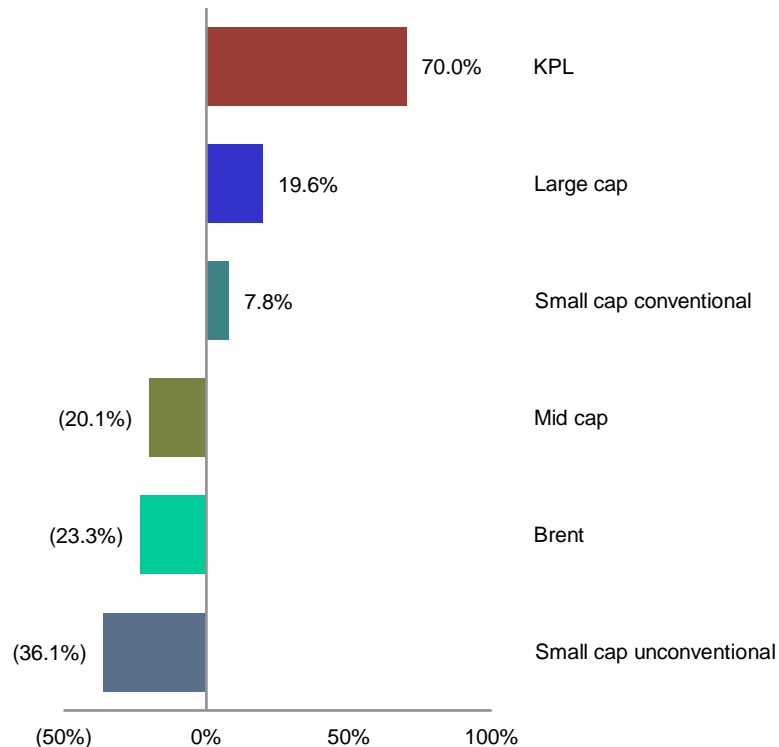


- **PRL 38** - Awarded December 2013.

- Pandors-A1 - discovery
- Pandora-B1 – discovery
- A material addition to the already identified 2C Contingent Resource in PRL 21

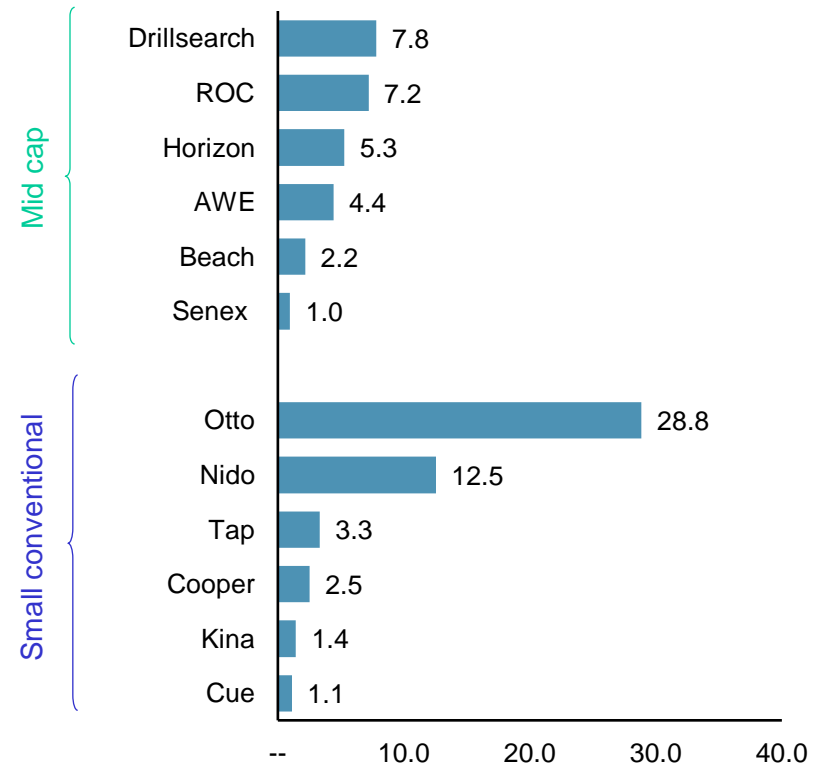
- **PPL 337** – 2 wells are expected to spud in December 2014.
  - Raintree-1
  - Kwila-1
  - Discoveries in this licence can service local and international energy markets and can be bought on stream quickly & cost effectively – expressions of interest have been received from local power users.
- **PPL 437** – Seismic completed-significant closure mapped at Malisa. Final seismic data to be received late November. The licence is adjacent to PRL 21 discoveries – clear path to commercialisation of any discovery. Multiple reservoir targets visible on seismic.
- **PPLs 338 & 339** – Raptor-1 flows gas close to PPL 338 boundary. Triceratops-3 to follow Raptor-1. Triceratops updip extends into PPL 338. PPL 339 gravity gradiometry completed over Bowerbird & Cassowary leads. Seismic over Cassowary starts in November.

Since IPO in December 11, KPL has outperformed all key ASX indices....



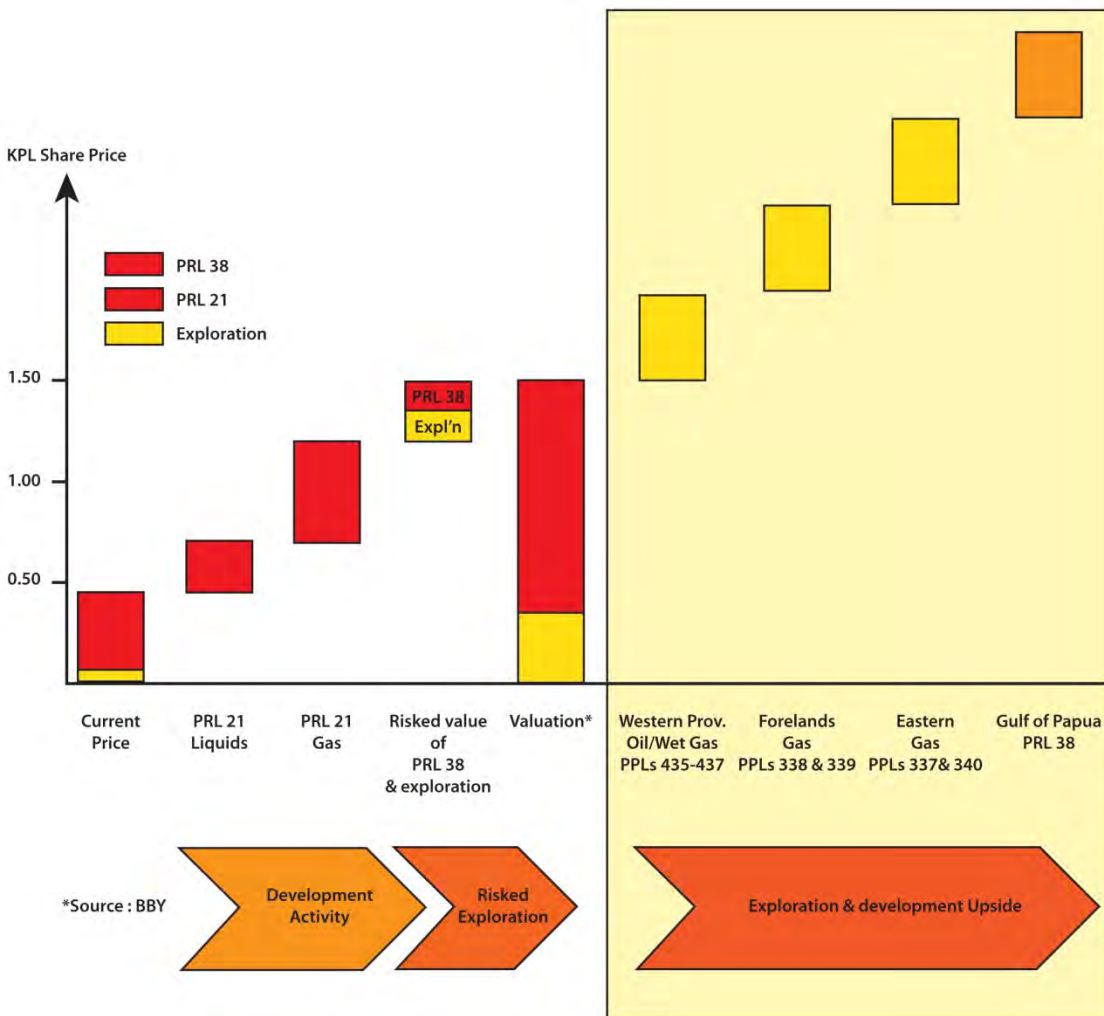
Source: UBS

....but remains undervalued relative to small cap and mid cap E&P companies





## Value Matrix



### Commerciality of Resources

- PRL 21 - PDL application lodged March 2014.
- PRL38 – material resource.

### Value of resource

- PRL 21 worth between \$A 0.54 and \$A1.34 per share<sup>1</sup>.
- PRL 38

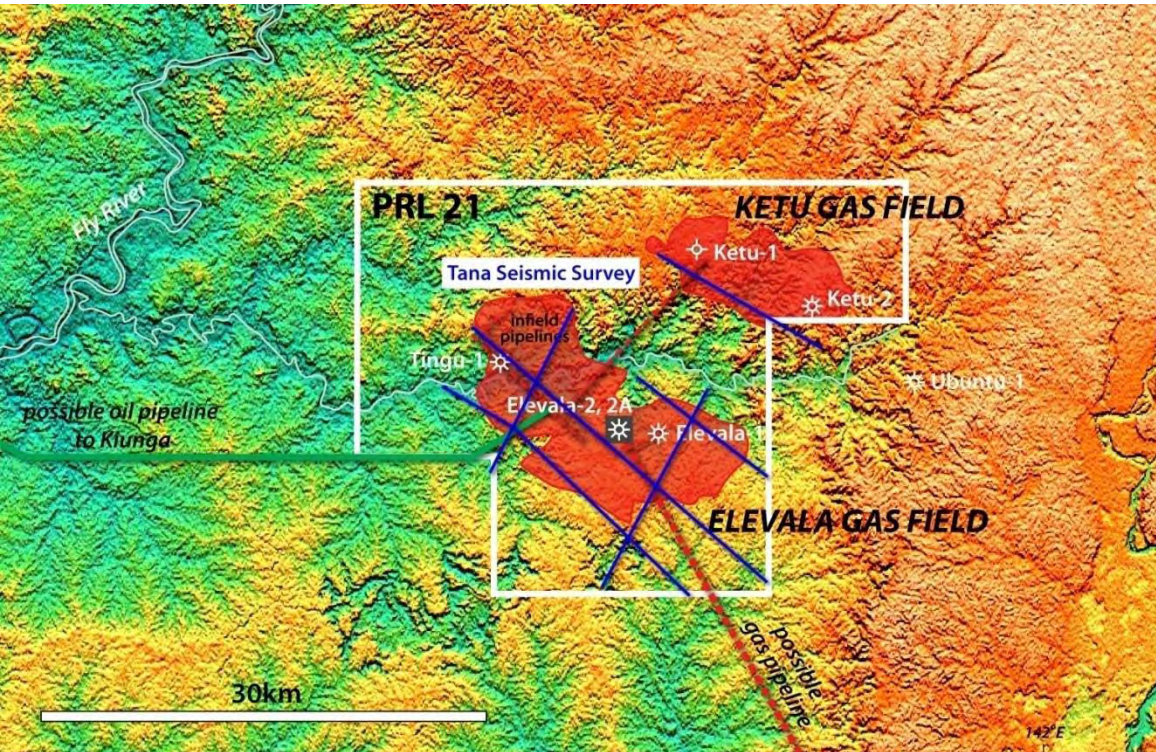
### Large Acreage Footprint:

- Over 41,000km<sup>2</sup> in tenements held
- Dominant exploration position in breakthrough trend and western province Elk/Antelope play.

### Capital Structure and Financial Strength

- Market cap. of A\$113.5m (Nov. 2014)
- 306m shares on issue.
- A\$18.7m cash on hand.
- No debt.

<sup>1</sup> Implied value based on range of risked and unrisked values per results of DCF & NPV analyses appearing in Independent Experts Report, prepared in respect of proposed ROC/Horizon merger, dated 15 June 2014.



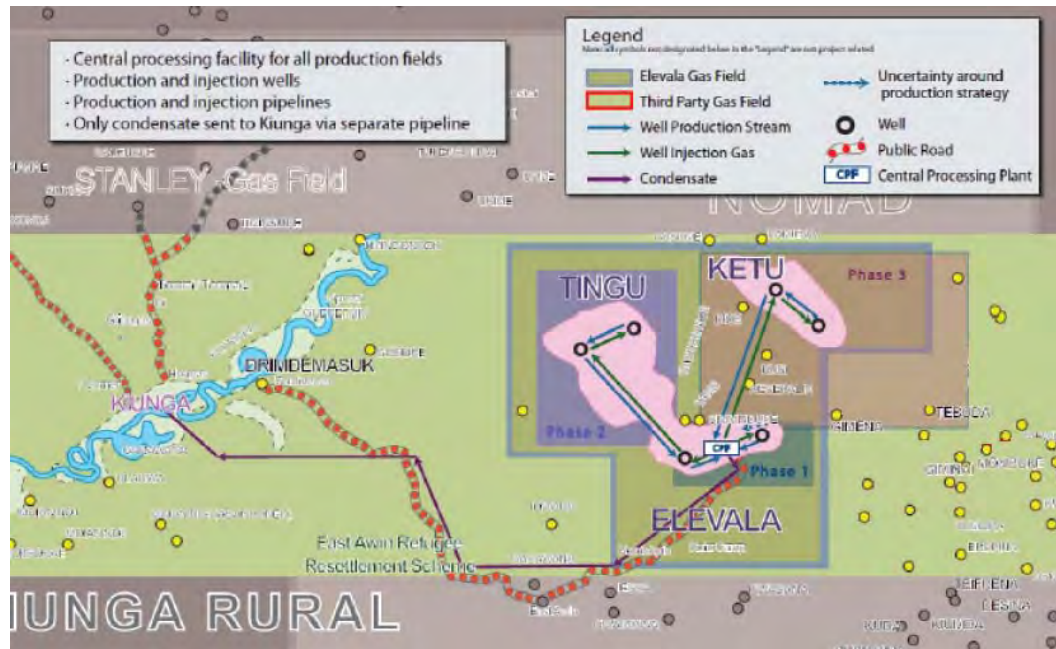
- Five out of five successful wells.
- Contains the commercial wet gas discoveries Elevala, Ketu and Tingu at ~ 3000m.
- Resource base is wet gas, with condensate content sufficient to underpin a liquids development.
- Tingu-1 tested gas rates at up to 46 mmscfd with 50-60 bbl/mmscf of condensate.
- Ketu-2 flowed gas at rates of 35 – 40 mmscfd & 50-60 bbl/mmscf condensate.
- PDL application lodged March 2014; now working towards FID and PDL approval.
- Seismic program approved to address development well location
- Liquids project represents a pre-investment of a future mid-stream LNG Project.



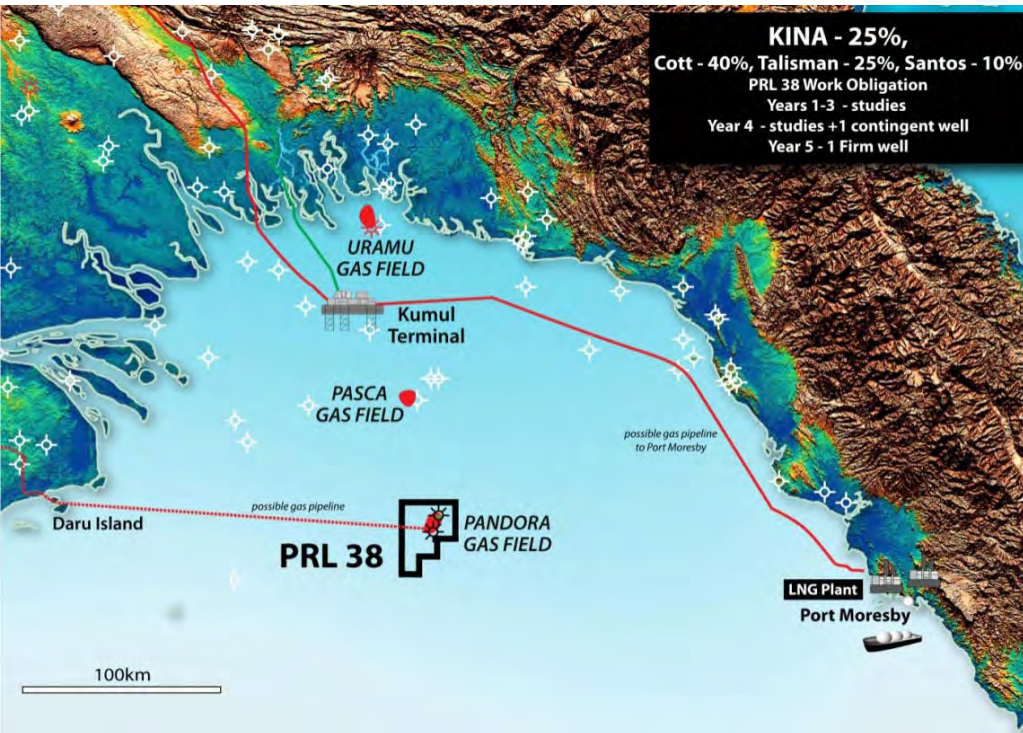
Tingu testing.



- Liquids stripping to commence ~2018 with barge export of liquids from Kiunga, down Fly River.
- Liquids stripping infrastructure is a pre-investment in potential future mid scale LNG Project (2-4 mtpa).
- With LNG plant at coastal location to supply:
  - City and mining project power demand as substitute for diesel or fuel oil.
  - Singapore LNG and products hub.
  - North Asian LNG markets.

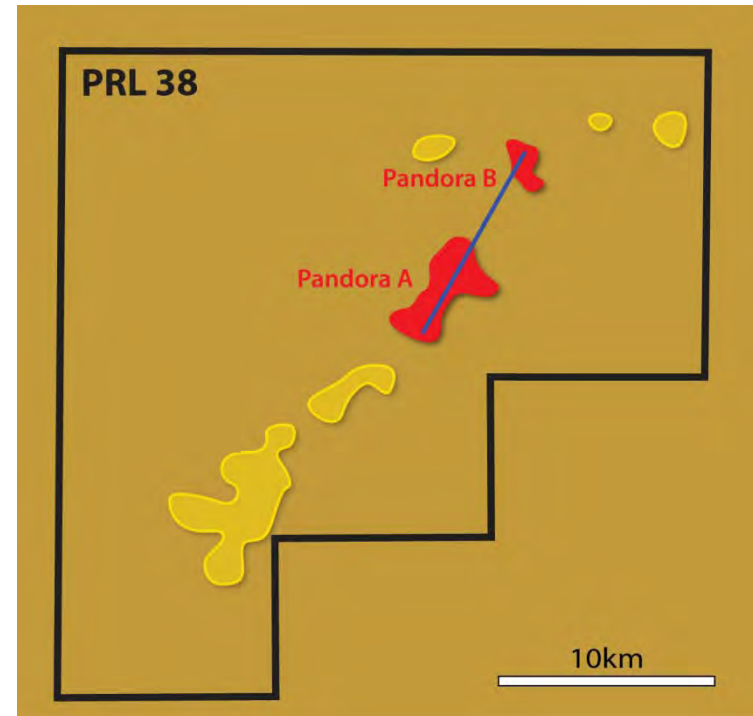
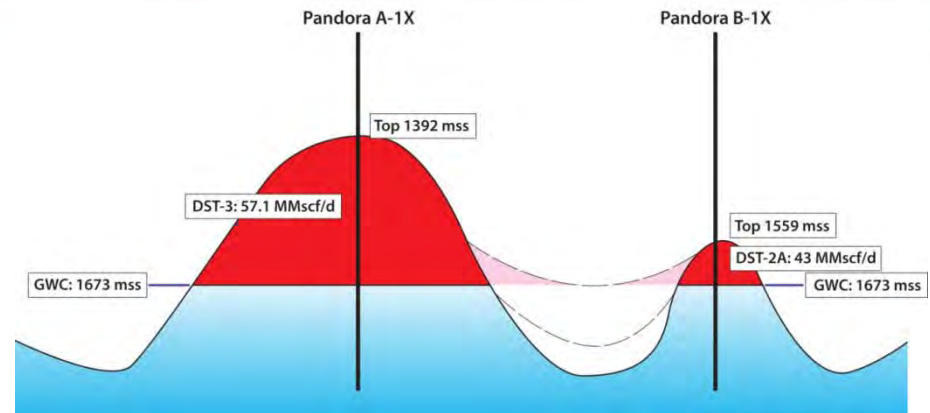
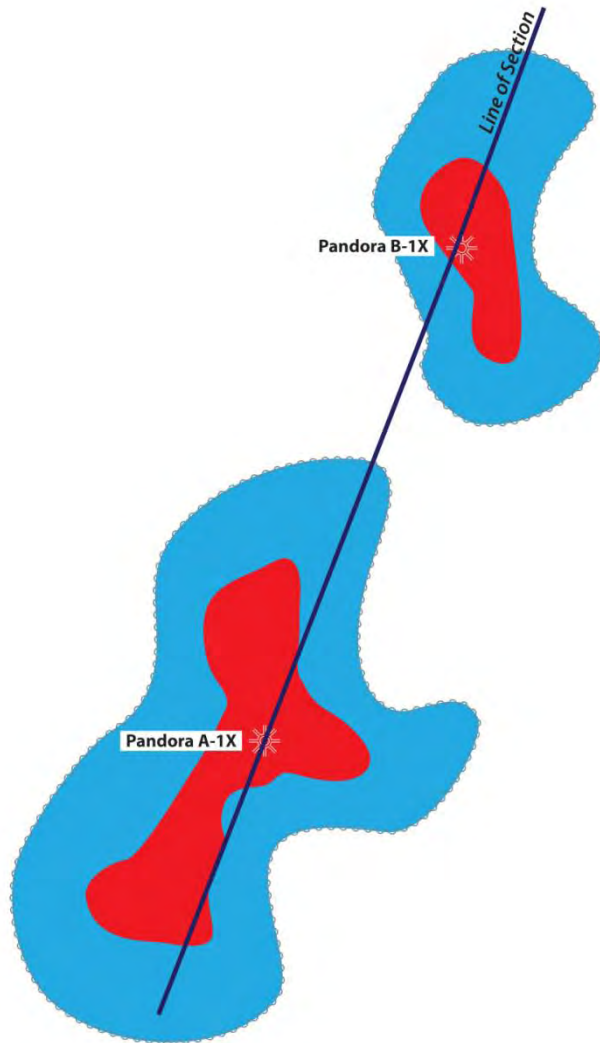


PRL 21 potential  
Field development  
schematic



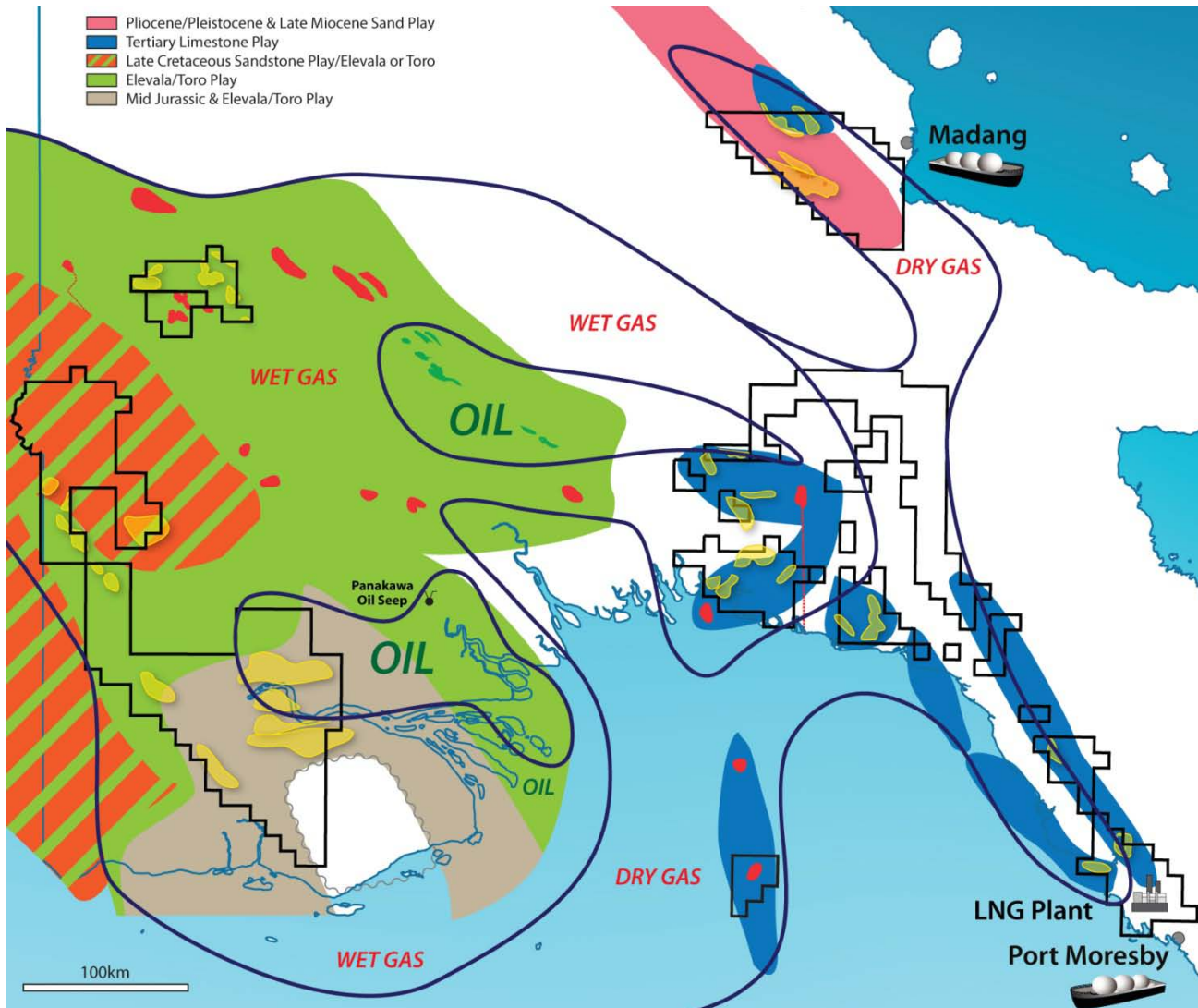
- Licence awarded December, 2013.
- JV: Cott (40%), Talisman (25%), Kina (25%) & Santos (10%).
- 2 gas discoveries at 1,500m TVD in 110m water.
- Substantial gas resource.
- Development of options, including mid-scale FLNG project, under review.
- Gas could be liquefied on location or piped to near shore barge facility to contribute to Western Province gas aggregation project.
- Exploration upside exists within PRL 38





Pandora A-1X & B-1X have a common gas water contact.  
Is there communication and resource addition on flanks?

# Kina has material upside through exploration

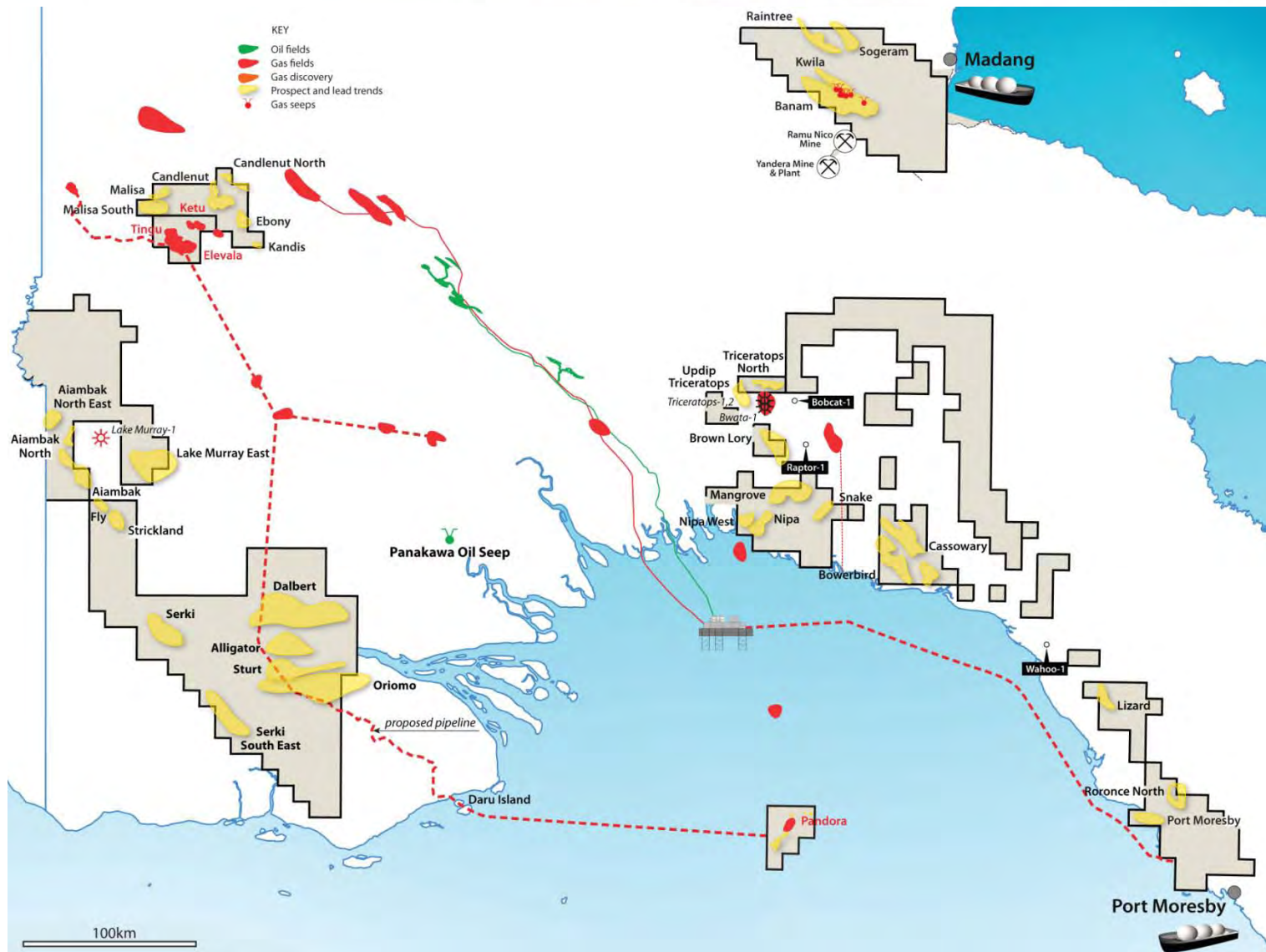


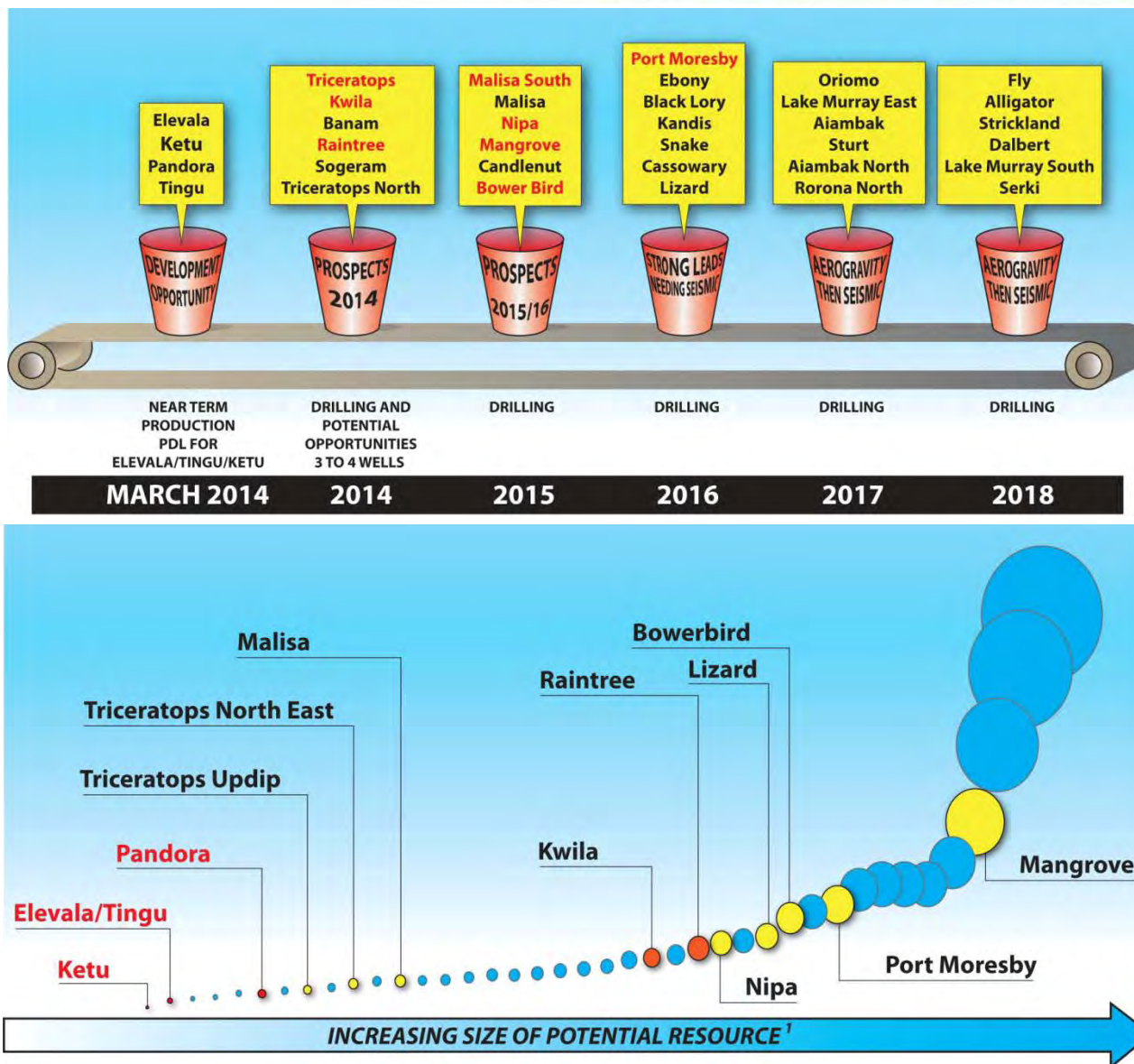
## KPL Acreage covers:

- Western clastic play.
- Eastern carbonate play.
- Wet gas upside in PPL 437, adjacent to PRL 21 discoveries.
- Eastern carbonate could extend to PPL 337.
- Upper Miocene "carbonate" extends into PPL 338, 339, and south into PPL 340.



# Kina's Assets - Prospect & Lead Inventory



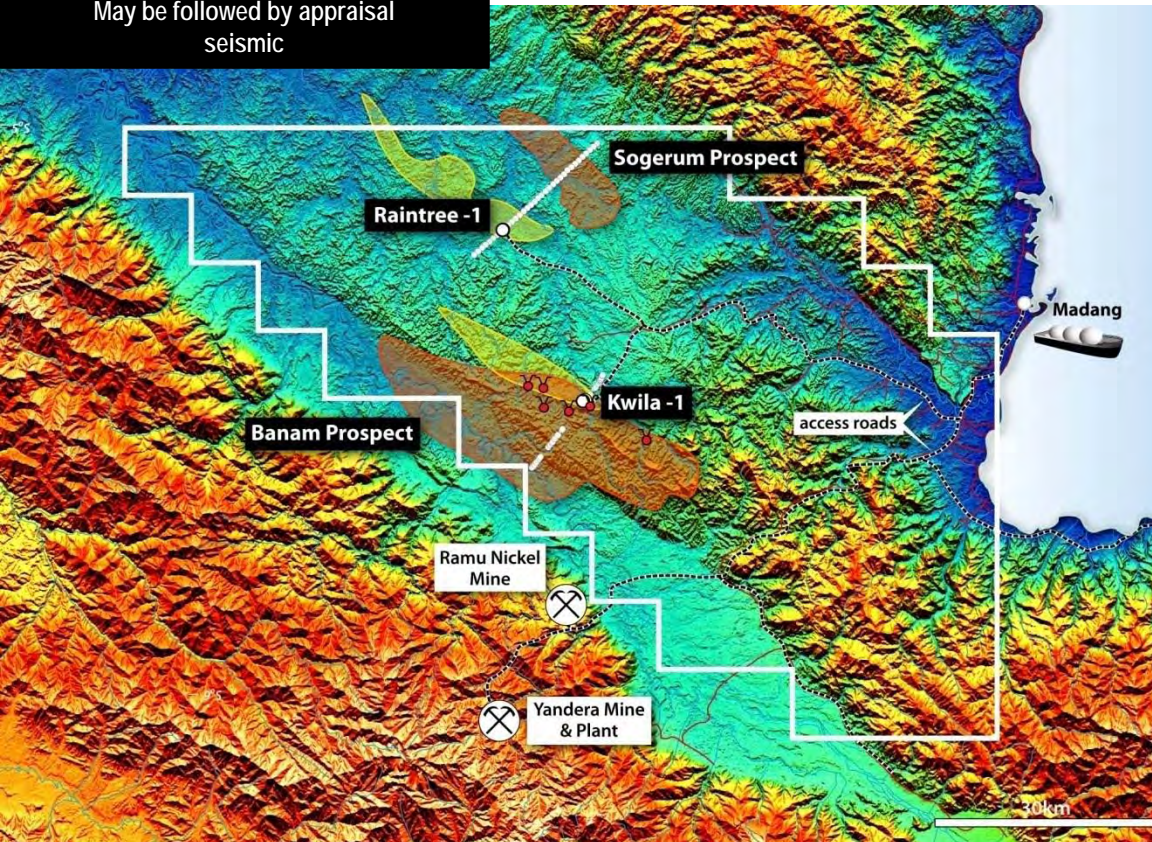


<sup>1</sup> Further evaluation is required to determine the existence of hydrocarbons with recovery dependent on future development.



## KINA-90% HERITAGE-10%<sup>1</sup>

2 wells to be drilled which  
May be followed by appraisal  
seismic



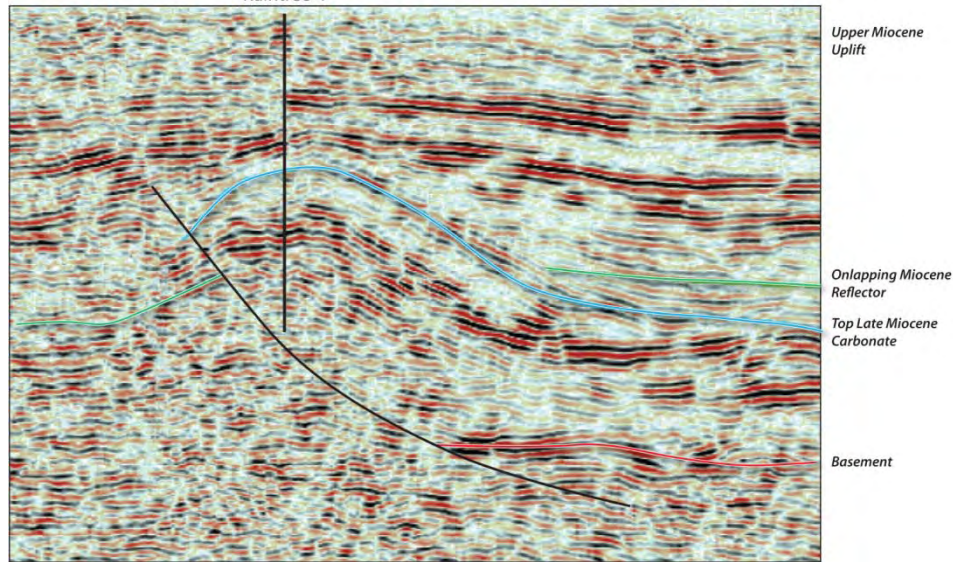
- Covers ~ 5500 km<sup>2</sup>.
- Heritage carries KPL through Raintree-1 & Kwila-1.
- Upper Miocene reef and Plio-Pleistocene sandstone targets, numerous seeps.
- 2 wells to be drilled back to back. First to spud in December.
- Expressions of interest in gas from nearby mines demand about 20mmcf/d.
- Target sizes\* are sufficient to support large scale independent development.
- Access by road from Madang.
- Deep water ports suitable for LNG within 90km of prospects.
- Learnings in respect of slim hole drilling have application to targets in PPLs 338/339 & 340.

<sup>1</sup> Subject to Government Approval.

\* Across multiple targets in the licence. Further evaluation is required to determine the existence of hydrocarbons, with recovery dependent on potential future development.



Raintree-1



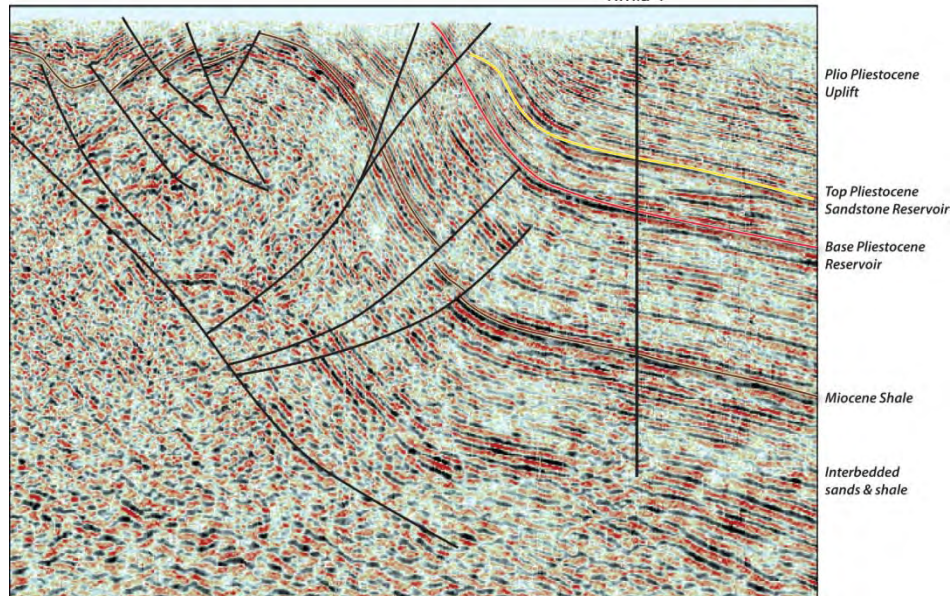
Raintree Location



Raintree -1

- Target late Miocene Pliocene reef
- Depth 845m
- Source biogenic gas or Thermogenic hydrocarbons potentially generated from deeper within Miocene.
- Rig contract signed with EDA.
- Saw mills on site cutting boards.
- Rig arrive Madang mid Dec 2014.

Kwila-1



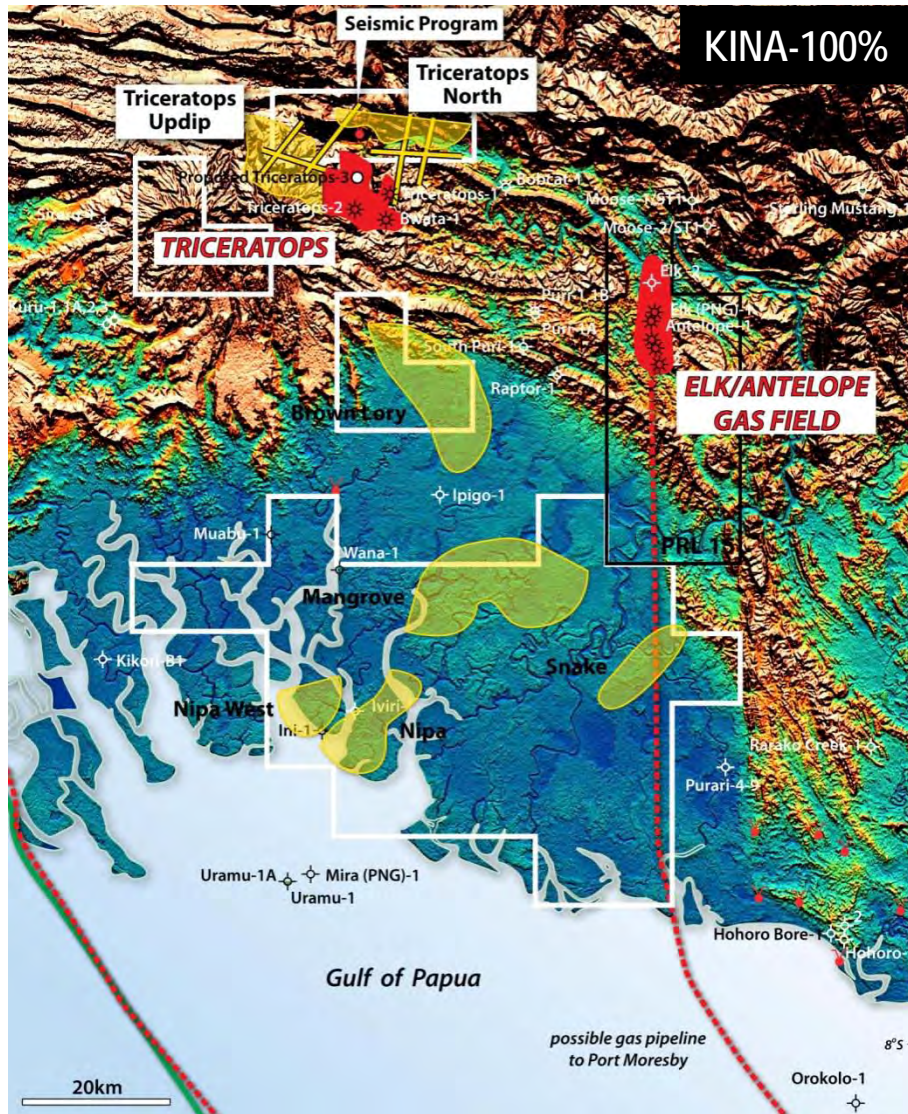
EDA's Schramm 200 Rig  
Mobilised to site -  
November 2014



Kwila -1

- Target Plio/Pleistocene sands ponded on backlimb of late stage thrust
- Depth 650m
- Source biogenic gas



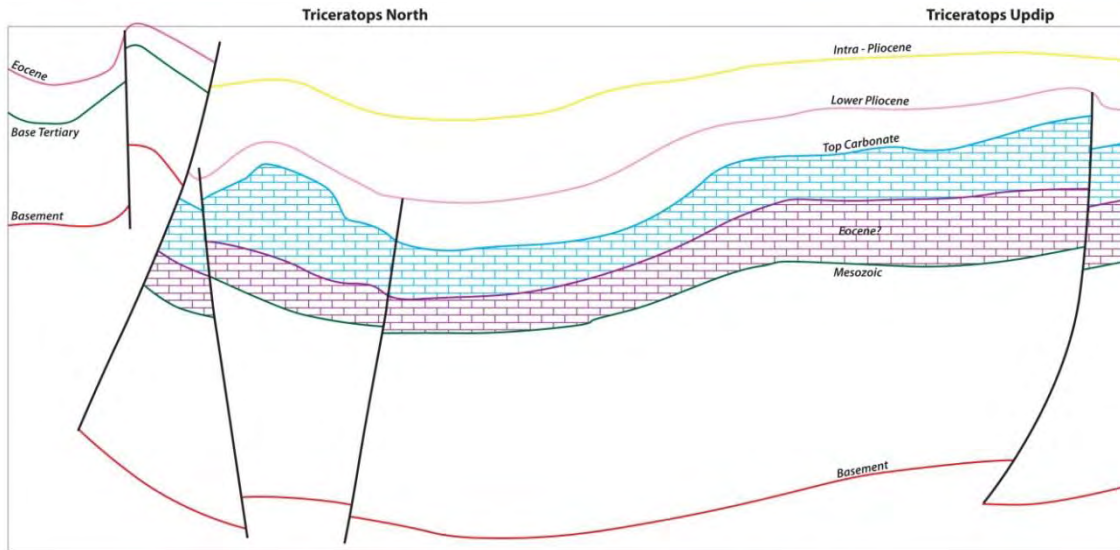


- Covers ~ 3100 km<sup>2</sup>.
- Located at basin margin with wet gas potential.
- Adjacent to Elk/Antelope and Triceratops discoveries.
- Extension of proven reef play.
- Gradiometry and seismic program confirms Triceratops Updip extends into PPL 338.
- Triceratops-3 to follow Raptor-1 in Interoil's adjacent licence.
- Possible younger reef at Triceratops North.
- Gas flow at Raptor-1 in Interoil's adjacent licence high grades Brown Lory.
- Nipa and Mangrove can be elevated to drillable prospects by reprocessing existing seismic database.
- Learnings from PPL337 will have operational impact on PPL 338.
- Multiple prospects can be tested using slimholes for cost of 1 conventional well.
- Discussions with potential farminees.



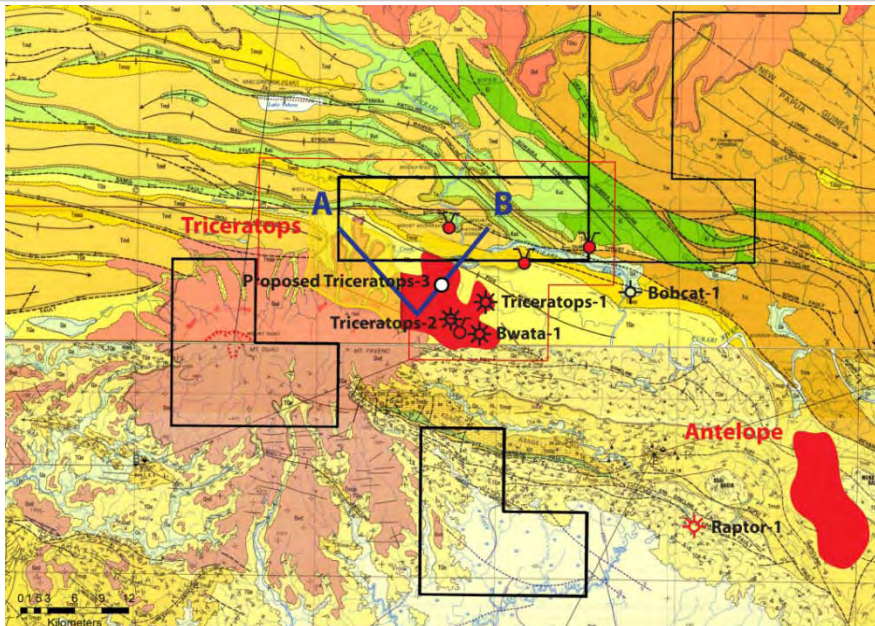
B

A



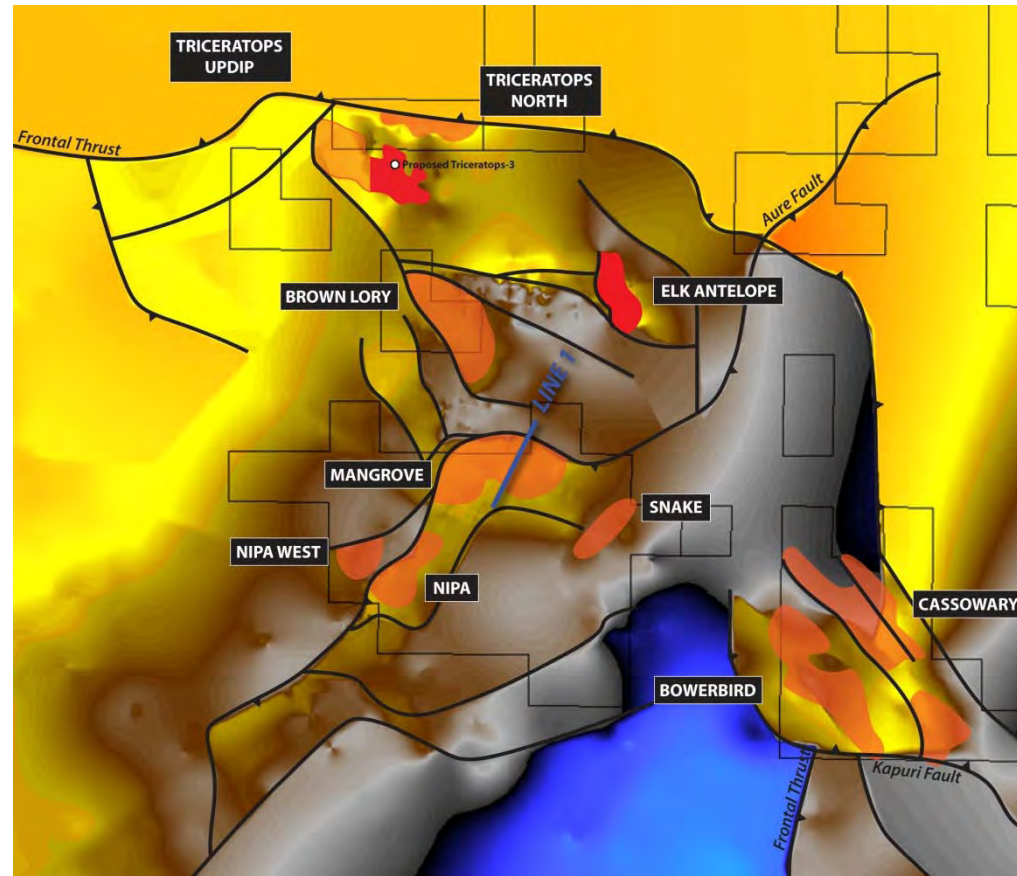
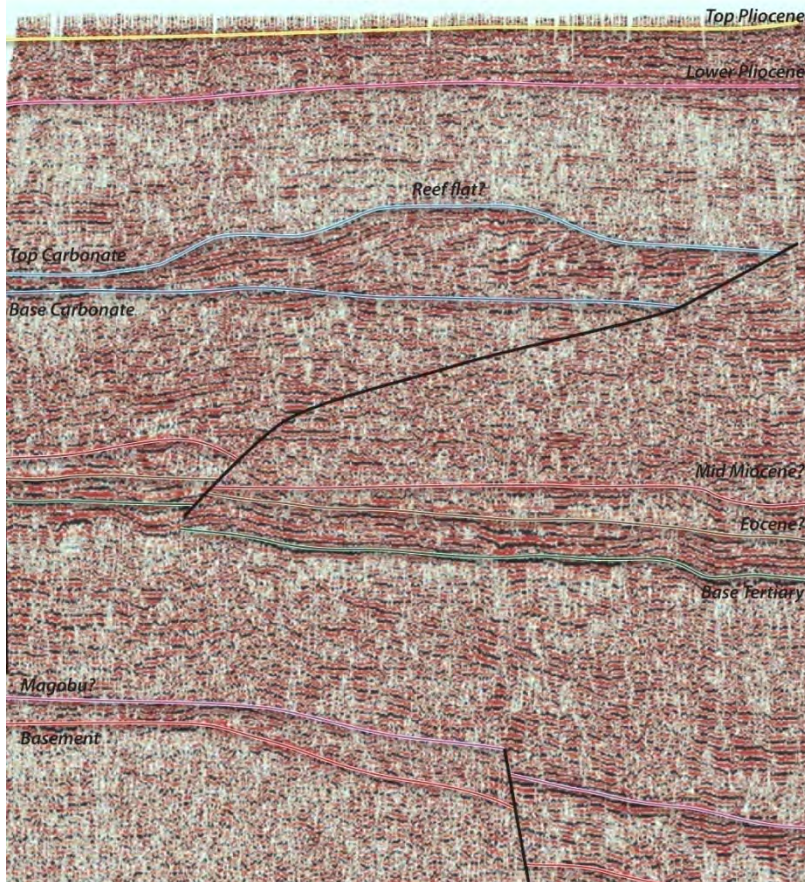
## Triceratops Updip

- Target Upper Miocene reef.
- Target depth 600m.
- Proposed Triceratops-3 located 3km from PPL 338 boundary



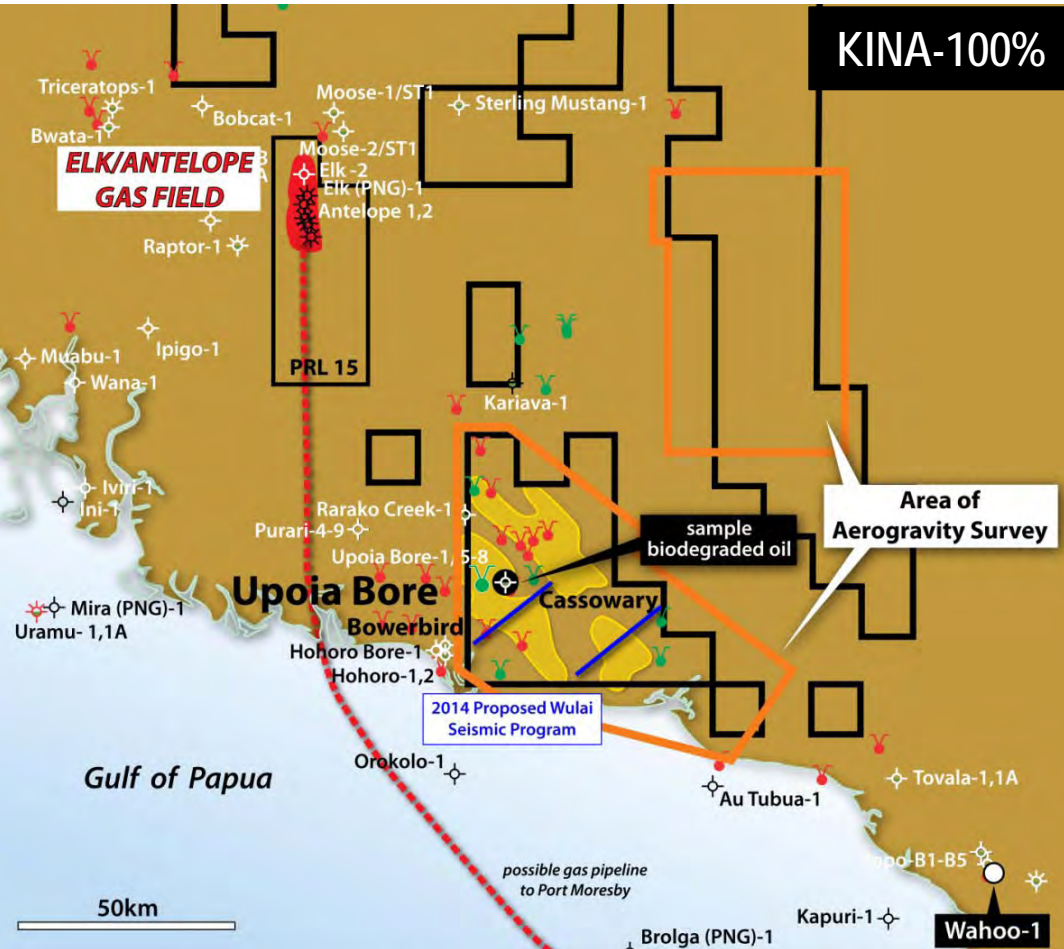


## Mangrove Prospect



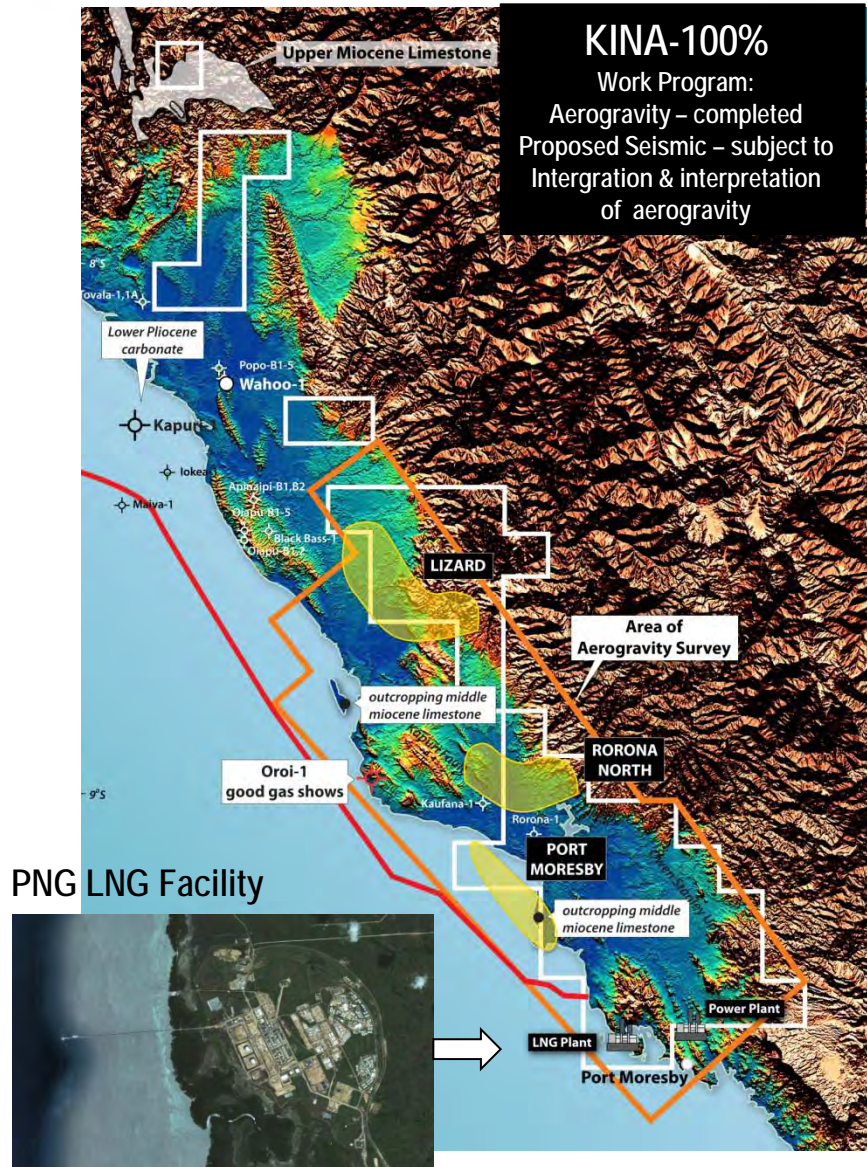
- Target Upper Miocene reef.
- Target depth 1150m.
- Numerous tidal rivers crossing Mangrove provide good access.
- Seismic reprocessing to commence 2014.





- Covers ~ 8,000 km²
- On trend with Elk/Antelope and Wahoo.
- Outcrop evidence supports extension of reef play.
- Seismic acquired 2011 to be followed up late 2014.
- Gravity Gradiometry flown over Bowerbird in 2014.
- Upoia Bore oil seep analysis confirms active oil and gas kitchen.
- Target depth ~1km.



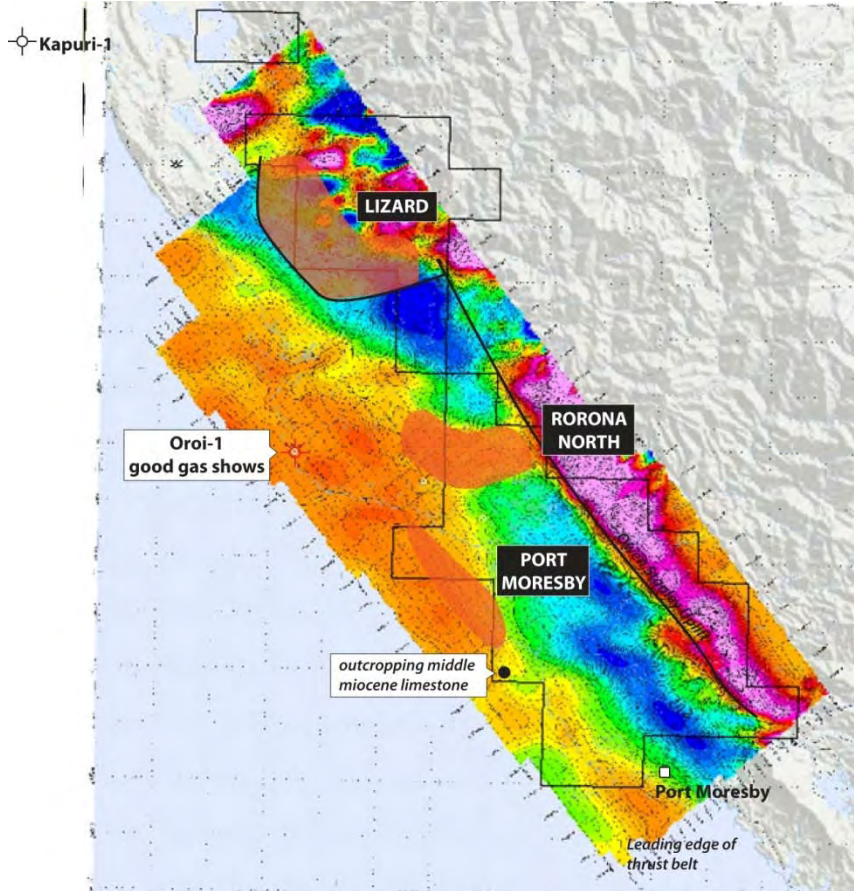


- Covers ~ 4,200 km<sup>2</sup>.
- Mid-Miocene to late Pliocene carbonate development is evident from well and seismic data.
- Overlies the PNG LNG facilities.
- 3 Leads: Port Moresby, Lizard, Rorona North.
- Port Moresby 40km north of PNG LNG facilities.
- Target is gas into Port Moresby for power generation.
- Aeromagnetics and aerogravity completed.
- Follow up seismic program subject to aeromag and aerograv interpretation.
- Wahoo-1 currently suspended by IOC supports generation of thermogenic hydrocarbons.
- Oro-1 intersected biogenic gas.
- Target depths : Lizard 600m, Port Moresby 750m.

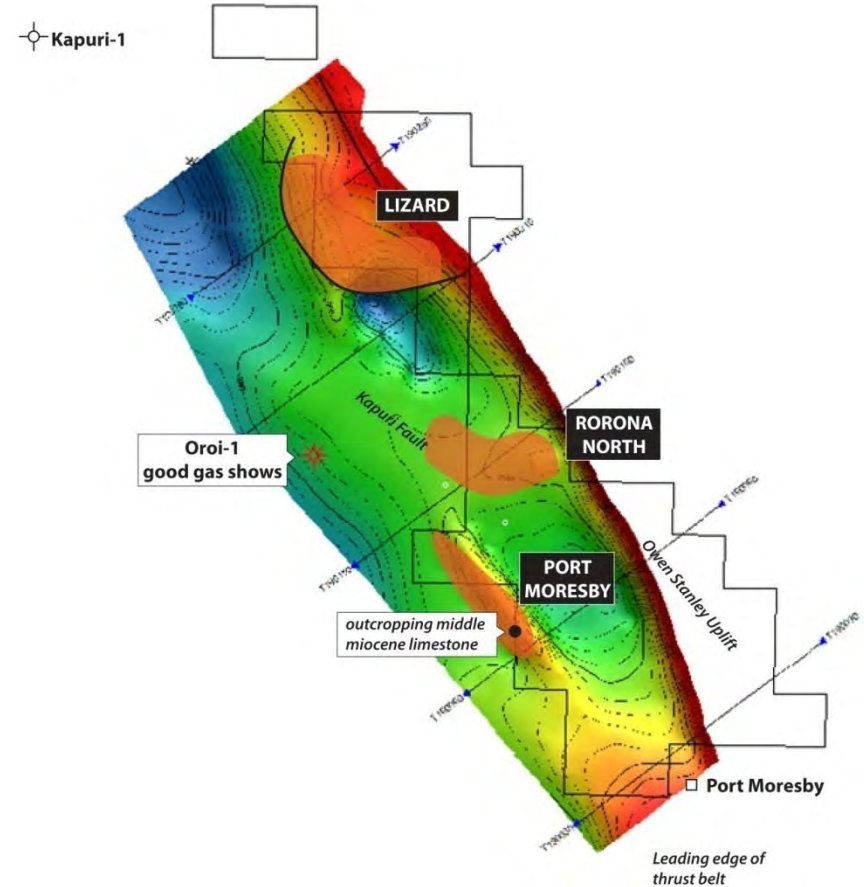


# Recent Aerogravity & Aeromagnetic Surveys

## Aeromagnetic Survey



## Aerogravity Survey



Recent program confirms 3 attractive targets at shallow depth close to Port Moresby.  
Port Moresby can be tested from an onshore location.  
It is located 35km north west of PNG LNG Facilities.



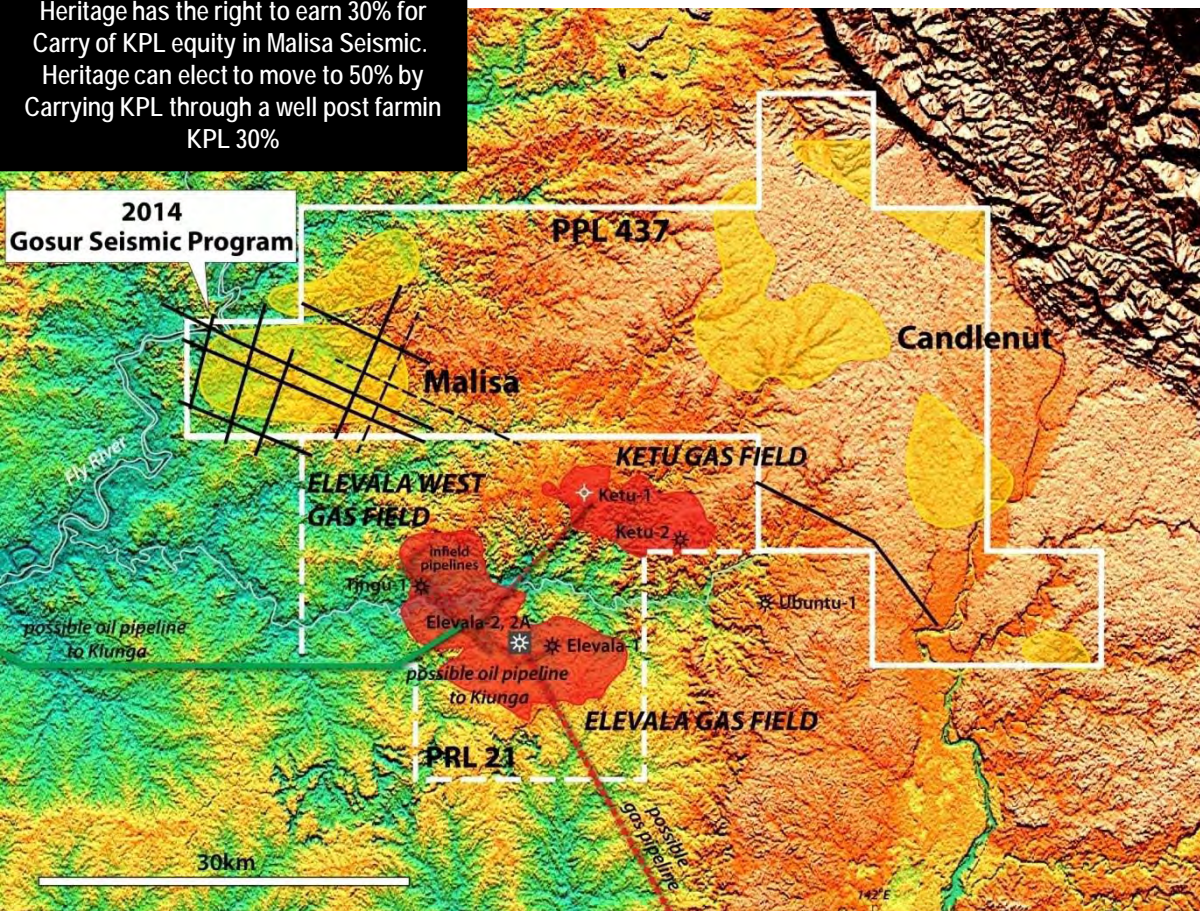
# PPL 437 Western Clastic Play Potential Resource Addition Next to PRL 21

**KINA-87.5% HER-12.5%\***

PPL 437 Work Program

Heritage has the right to earn 30% for Carry of KPL equity in Malisa Seismic.

Heritage can elect to move to 50% by Carrying KPL through a well post farmin KPL 30%

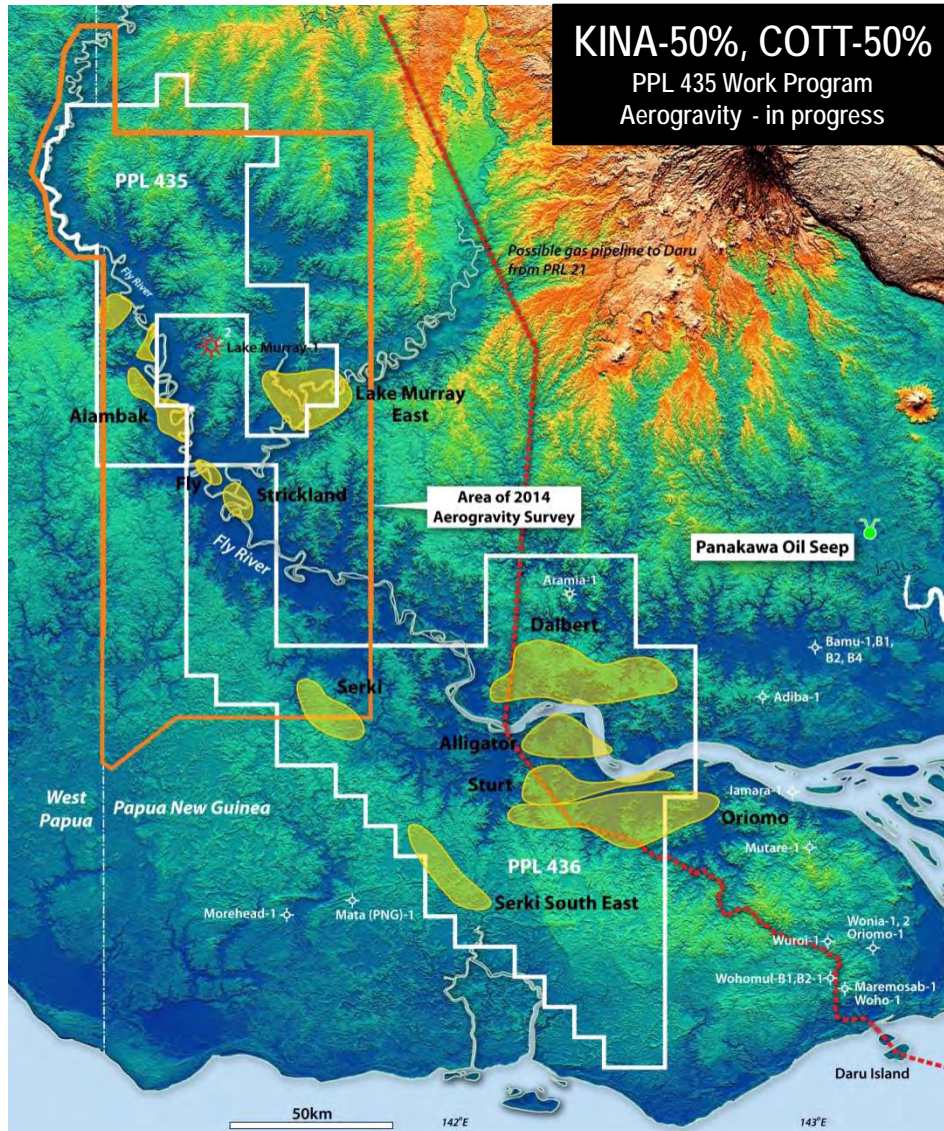


- Next to PRL 21.
- Commercially attractive – next to future PRL 21 facilities.
- Licence area is twice that of PRL 21.
- South of PPL 269 50% of which sold for up to \$40m to Santos.
- Seismic program completed. Cost effective use of cables seismic acquisition.
- Cott withdrawal increased Kina's earned equity in seismic program to 57.5%.
- Heritage Oil Plc has a right to move to 62.5% by drilling a well.
- Malisa Prospect on trend to Tingu 1 discovery.
- Ideally placed for good development of upper shoreface reservoir.
- Multiple reservoir targets recognised above large basement closure.

\* Subject to Government Approval.



# PPL 435 & 436 – Western Clastic Play Southern Papuan Basin Margin



- PPL 435 Covers ~ 5,300 km<sup>2</sup>.
- PPL 436 covers 13,100km<sup>2</sup>
- Located in the Western Province updip of the PRL 21 licence (approx 50kms to the north east) & the Panakawa oil seep.
- Targeting wet gas in multiple leads. Wet gas confirmed in Lake Murray 1 well.
- Aerogravity and aeromagnetic program complete.
- Commercially attractive due to flat terrain & access to Fly River and Aiambak port.
- Multiple reservoir target: Late and Early Cretaceous sandstone, Elevala, Toro, Imburu, Koi lange & Magobu.
- Target sizes\* would be sufficient to host developments either independently or as part of an aggregation strategy.

\* Across multiple targets in the licence. Further evaluation is required to determine the existence of hydrocarbons, with recovery dependent on potential future development.



- Kina undervalued but on a firm growth path.
- Kina is well funded with strong investor base.
- Strategy is to pursue value add development of PRL 21 and PRL 38.
- Kina has large exploration position in the Antelope Fairway.
- Kina has significant acreage position in the clastic fairway of Western Province with 6 identified reservoir plays and confirmed source.
- Imminent spud of 2 exploration wells with upside impact.
- Building its exploration inventory through seismic acquisition in PPLs 437 and 339 and major seismic reprocessing commencing in PPLs 338, 339, 435 and 436.