



ASX ANNOUNCEMENT (ASX: KPL) 15 May, 2015

Drilling Update - Raintree-1 well in PPL 337

Kina Petroleum Limited ("KPL") is pleased to provide an update on progress of the Raintree-1 exploration well in PPL 337.

At 8.00 a.m. on 15 May 2015 the well was at a depth of 674 metres.

During the week wireline logs were run, and the setting of casing will shortly be complete. A blow out preventer is presently being installed and it is expected that the well will be drilling ahead in a 6 $\frac{3}{4}$ " open hole on Sunday. The prognosed reservoir section is at this stage expected to be reached in the forthcoming week with the potential for a further casing string to be set prior to TD of 950 metres. This is expected to be reached in the next two weeks but may be deepened depending on the results of drilling.

An aerial view of the Raintree-1 site is shown below.





Raintree-1 is operated by Heritage Oil Limited under a farmout agreement between Heritage and KPL, whereby Heritage will carry KPL through the drilling and, if appropriate, testing of the Raintree-1 and Kwila-1 wells. Should results of either well require appraisal with additional seismic data Kina is carried through the cost of the program to a cap of US\$8m.

KPL will retain a 30% participating interest in the Licence upon completion of drilling, and in the event of a discovery will benefit from a carry through a seismic program to appraise the field or fields.

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

"Raintree 1 is the first of a 2 well program in PPL 337. Neither well would have been drilled had we not been able to address the very high drilling costs being experienced elsewhere by other operator's in PNG."

Raintree 1 is the first well drilled by EDA in PNG and drilling operations have proceeded seamlessly to date. The EDA Rig 2 has performed well, meeting expectations and encouraging us in respect of forward drilling activity elsewhere in our portfolio. As stated previously Kina believes this type of rig has the potential to have a major downward shift on drilling costs and will hopefully improve the economics for testing a number of other exploration targets within Kina's prospect portfolio that could deliver the next breakthrough in PNG."

For inquiries please contact:

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