



Kina
PETROLEUM LIMITED

PNG Company Number
1-63551

Annual General Meeting

21st May 2015



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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.

- Introductions
- Formal Resolutions
- Other Business
- Meeting Close
- Managing Director Presentation

- **Mr Richard Robinson** – Non Executive Chairman
- **Mr Richard Schroder** – Managing Director
- **Dr Ila Temu** – Non Executive Director
- **Mr Barry Tan** – Non Executive Director
- **Mr David Vance**-Non Executive Director
- **Mr Alex Mitchell** – Chief Financial Officer
- **Mr John Chan** – PNG Operations Manager
- **Mr Shane Hartwig** – Company Secretary Matters Australia

- For anyone who doesn't know me, I am Richard Robinson, Non-Executive Chairman of Kina Petroleum.
- Firstly on behalf of the Board and Management let me welcome you all to our 2015 Annual General Meeting. In particular I welcome our shareholders and especially Mr Phil Mulacek whose company, PIE Holdings took up 19.99% of the Company's stock through a placement in November last year. Phil is well known and respected in the Oil & Gas industry and particularly here in PNG and his capital injection into Kina is a clear demonstration of the value and potential of our assets and ensures that our ongoing activities remain funded through into 2017 and beyond
- It is no secret that the past eight months have been tough ones in the oil & gas industry and particularly for exploration companies, and indeed production companies with high gearing. The fact that the Kina share price has dropped less than 20% since the beginning of December when some others have halved or more is, again, great testament to that value and potential I just referred to
- Over the past year the Company has continued to implement our strategy of leveraging large exploration positions through farm-out and other arrangements with sound joint venture partners, progressed our own exploration and development activities and, of course, attracted Phil Mulacek's PIE Holdings as a strategic cornerstone investor

- Beyond the PIE Holdings subscription previously noted highlights of 2014 include:
- Lodgement with the State of Petroleum Development Licence and Pipeline Licence applications for the proposed Elevala/Ketu liquids stripping development in PRL 21 and continued work towards preparation of data package required to support a Final Investment Decision for that development
- Completion of a 102km seismic program over PRL 21 to support planning for that development.
- Completion of an aero-gravity survey over PPLs 435 & 436 of almost 12½ thousand km in preparation for farmout and seismic program delineation.
- Completion of a 106km seismic acquisition program in PPL 437 aimed at delineating the Malisa South lead as a drillable prospect and acquisition of an additional 7.5% participating interest in that licence following the withdrawal of Cott
- Commencement of preparatory drilling activity in PPL 337 ahead of two planned wells the first of which is drilling ahead as we speak
- Confirmation of the Company holding a 100% interest in the PPL 338 licence which is believed to contain an extension of the Triceratops field and nearby to the Elk/Antelope discovery
- 2015 has also been busy with seismic reprocessing work in PPLs 339, 435 and 436 ongoing, and exploration drilling programme ongoing in PPL337 near Madang and substantial progress on the refinement of the Malisa South target in PPL437. As well of course as the ongoing march towards an FID for the Elevala/Ketu liquids stripping project

- I would also take this opportunity to again thank former Chairman John Prendeville for his very significant contribution to Kina from the initial float through until he stepped down last November. John's leadership during those formative years was key to building the solid foundation on which we now stand. And I welcome to his first Kina AGM, non-executive Director David Vance who came onto the Board in November. David's; legal experience, background in project financing, and thoughtful, pragmatic approach has allowed him to make a substantial contribution in a few short months
- And, on a personal note, I want to thank our two foundation Directors, Barry Tan and Ila Temu for their ongoing contribution and commitment to the Kina business. Successful business the world over is based on strong personal relationships and this is probably truer here in PNG than in most places. As highly respected members of the PNG business community Barry and Ila provide us with those relationships across a broad range of the PNG scene
- And of course the Board can achieve nothing without the work of the management team and we thank Managing Director, Richard Schroder, Chief Financial Officer, Alex Mitchell and PNG Manager, John Chan, for their continued efforts.
- Finally, my thanks all of the Kina shareholders for their support over the past 12 months. It's a tough time to be holding an upstream exploration stock but we are already starting to see signs of recovery in the oil price and Kina a wonderfully positioned to take advantage of the next upturn. 2015 is a very busy and, we expect, productive year for the Company with a number of significant exploration and development events occurring.
- The future looks good

- **Resolution 1** – Adoption of Directors Remuneration Report
- **Resolution 2** – Election of Director (Mr David Vance)
- **Resolution 3** – Re-election of Director (Mr Barry Tan)
- **Resolution 4** – Re-election of Director (Mr Richard Robinson)
- **Resolution 5** – Approval of 10 % Placement Facility
- **Resolution 6** – Approval of Prior Issue of Shares

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		Instructions given to validly appointed proxies in respect of the Resolutions				
	Resolution	For	Against	Open	Abstain	Excluded
1)	Adoption of Directors Remuneration Report	64,741,879	400,000	13,996,961	NIL	10,792,857
2)	Election of Director (Mr David Vance)	75,834,736	NIL	13,996,961	100,000	NIL
3)	Re-election of Director (Mr Barry Tan)	76,080,569	100,000	13,751,128	NIL	NIL
4)	Re-election of Director (Mr Richard Robinson)	75,834,736	100,000	13,996,961	NIL	NIL
5)	Approval of 10 % Placement Facility	75,723,375	131,429	13,996,961	79,932	NIL
6)	Approval of Prior Issue of Shares	14,285,143	200,000	13,996,961	69,810	61,379,783

Other Business and Question Time

Formal Meeting Closed

Managing Director Presentation



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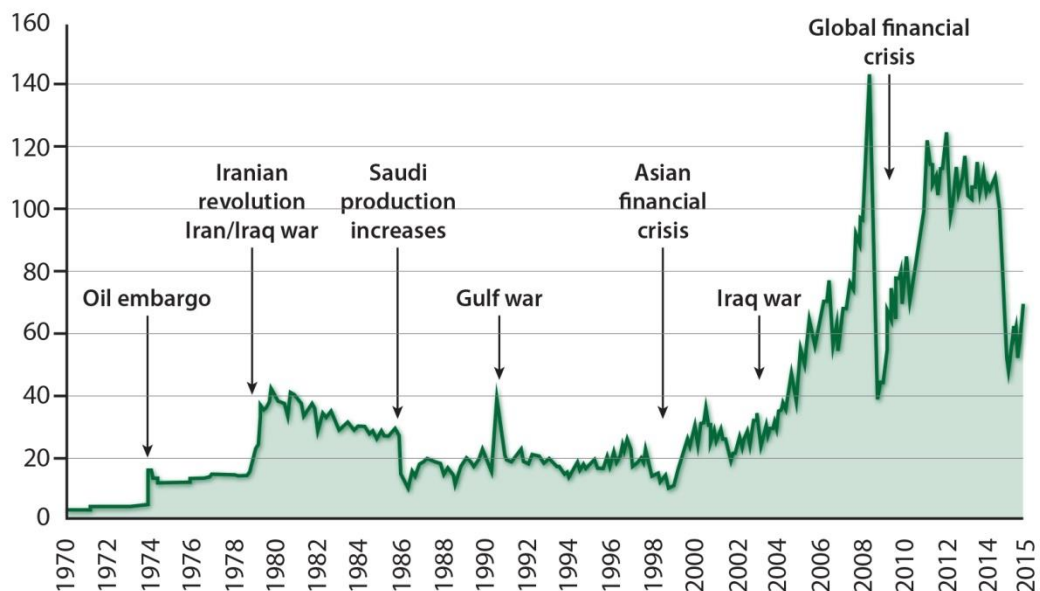
website www.kinapetroleum.com



KINA PETROLEUM LIMITED - AGM PRESENTATION

Port Moresby, 21 May 2015

Much of the last 12 months has been a difficult period for our industry. The oil price has effectively halved with knock-on consequences to jobs and activities. In this environment companies are forced to cut back on non-essential activities, and exploration has borne much of the brunt of this change.



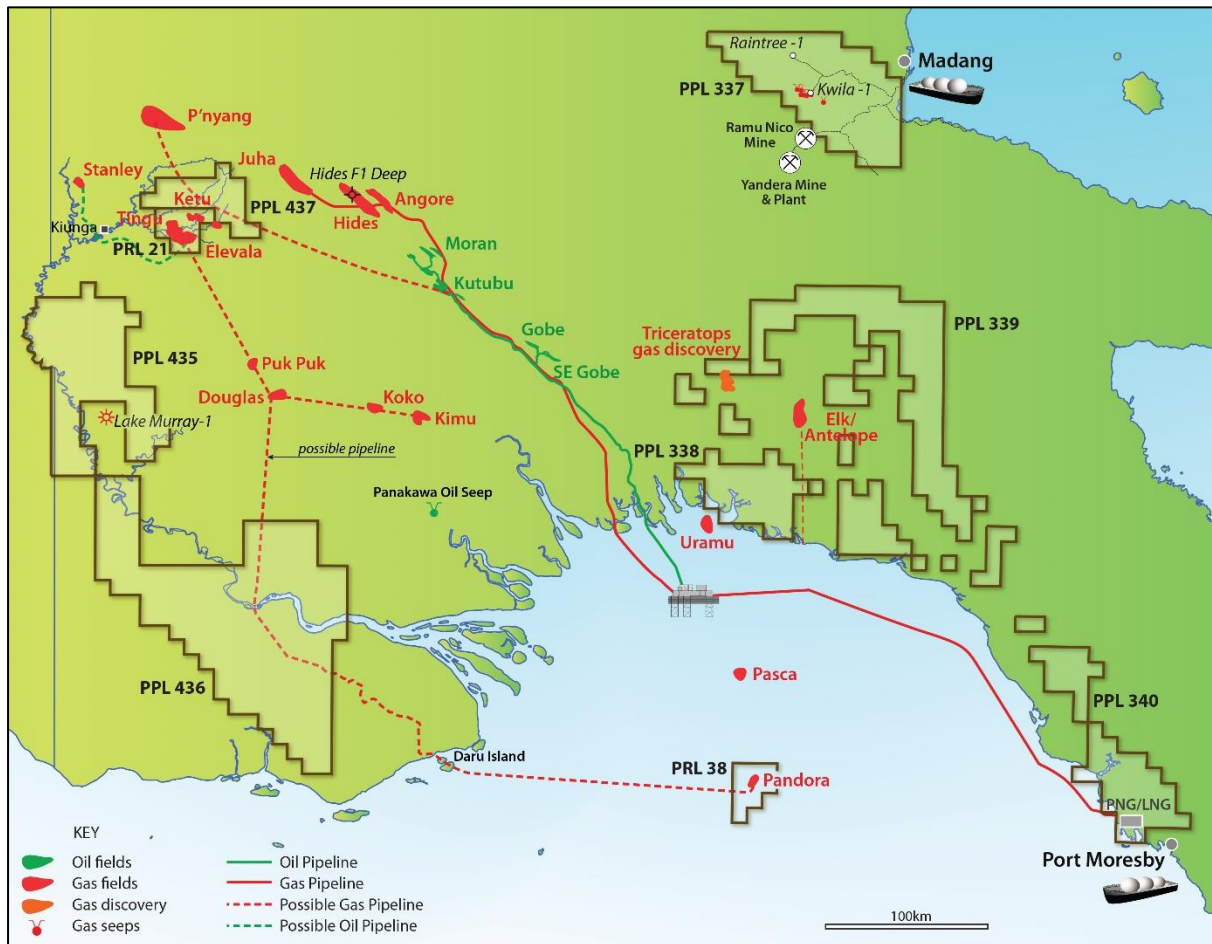
However, Kina has been fortunate in that its operations are currently exploration and development planning phase and thus not directly exposed to oil price movements. This, and the timing of its capital raise last year put the company in a stronger position than many of its peers. KPL retains a solid balance sheet and having farmed out a number of its exploration commitments, coupled with maintaining a low overhead structure, KPL is well placed to ride out the bumps generated by the current environment. KPL remains focussed on preserving its cash until such time as a development in PRL 21 is progressed.

The graph above reflects changes in dated Brent oil over time. You will note that it is already in excess of US\$60/bbl and moving up with medium term expectations of prices rising as cut backs in US shale oil production start to impact inventories. However there are no guarantees as to future prices and the PRL21 operator is using the downturn to optimise pricing for components of the proposed liquids development project.

The short term environment notwithstanding, KPL believes PNG remains a very good investment destination for growth in the oil and gas business. The current commodity price environment presents opportunities and KPL has a very good knowledge base of PNG which it has enhanced over the last three years, high-grading areas where we see attractive growth assets. With the current downturn in exploration activity, the associated reduction in the economics of green field developments and change to the competition profile for new acreage, KPL aims to maintain its strategy of increasing its asset base through applications, acreage optimisation and seeking to farm down in a commercially acceptable manner. Through this dual focus, KPL will emerge in a strong position to capitalise on the upswing when oil prices firm.

Headlining news for Papua New Guinea was the huge investment in PNG LNG and the resulting economic boom in country. It is worth noting that although domestic costs and services rose significantly, the increased cost of the project was far less than experienced in Australian LNG projects, and the project was delivered ahead of schedule. This is a huge vote of confidence in PNG as a destination for investment and with the project now in production there is now downward pressure on costs.

Map of Kina Petroleum's Licence Interests in PNG



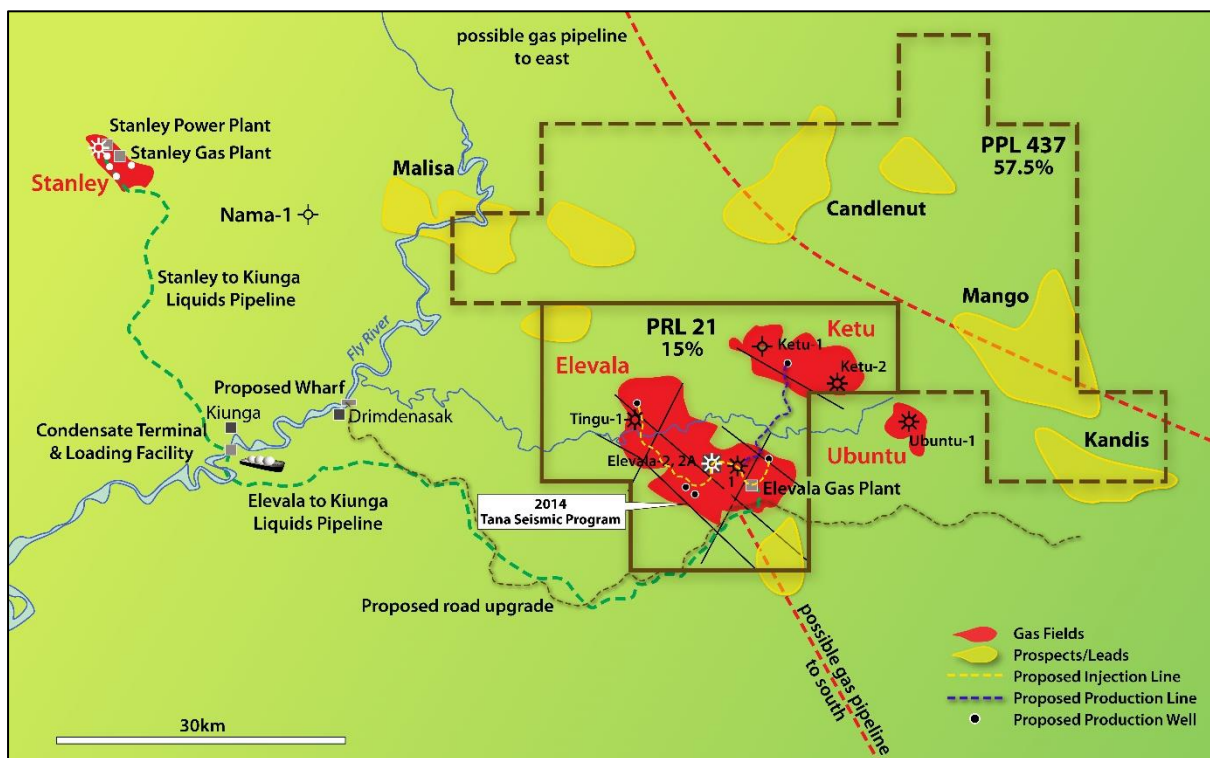
The successful establishment of gas production infrastructure via PNG LNG and the discovery of the giant Elk Antelope Field in PRL 15 has raised PNG's profile in the international market. Throughout the year InterOil has continued to successfully appraise its discovery at Elk Antelope and major oil companies have aggressively sought access to the asset. Competition was fierce with Oil Search paying approximately US\$900m for 22.5% of the asset, with a dispute regarding participation/equity levels in the Joint Venture subsequently arising. The dispute arose given the significant value-add capacity of a 3rd and possibly 4th LNG train for the PNG LNG project.

Settlement of the dispute has seen the entry of a second major into PNG – Total - and the increased chance of a second independent LNG project in country, thereby adding further development infrastructure. The resolution of Elk/Antelope participation issues has also encouraged the owners of PNG LNG to ramp up exploration for additional reserves for a desired 3rd and possibly 4th train in POM. The Hides F1 Deep well was drilled during the year but failed to intersect additional reserves in

the Koi lange reservoir which lies under the Toro reservoir. Although a disappointing result, it has caused the PNG LNG owners to look further afield for additional reserves for project expansion.

PRL 21 and PPL 437 Licence Areas

In spite of the drop in oil prices, planning for the PRL 21 liquids project (KPL 15%) continues on schedule. The lower oil price has led to implementation of a value engineering approach by the operator who is aggressively reviewing contractor pricing and operating philosophy for the project. Capex, Opex and Overheads are under review, each of these significantly impacting the economics of the project. The Development Plan remains focussed on Kiunga as the point of export for the liquids, and the compression infrastructure established for gas reinjection during phase 1 of the project will be an important investment for future gas exports either to the east or to a port in the southern part of the Western Province.



The Tana Seismic Survey acquired in PRL 21 in the second half of 2014 has been integrated with existing seismic control. Seismic line locations and mis-ties with the existing data set have been addressed and a consistent phase matched data set prepared for a development depth map. A series of workshops have been initiated by the operator in an effort to prepare a PRL 21 project map that will be used for final reserve determination and placement of development wells.

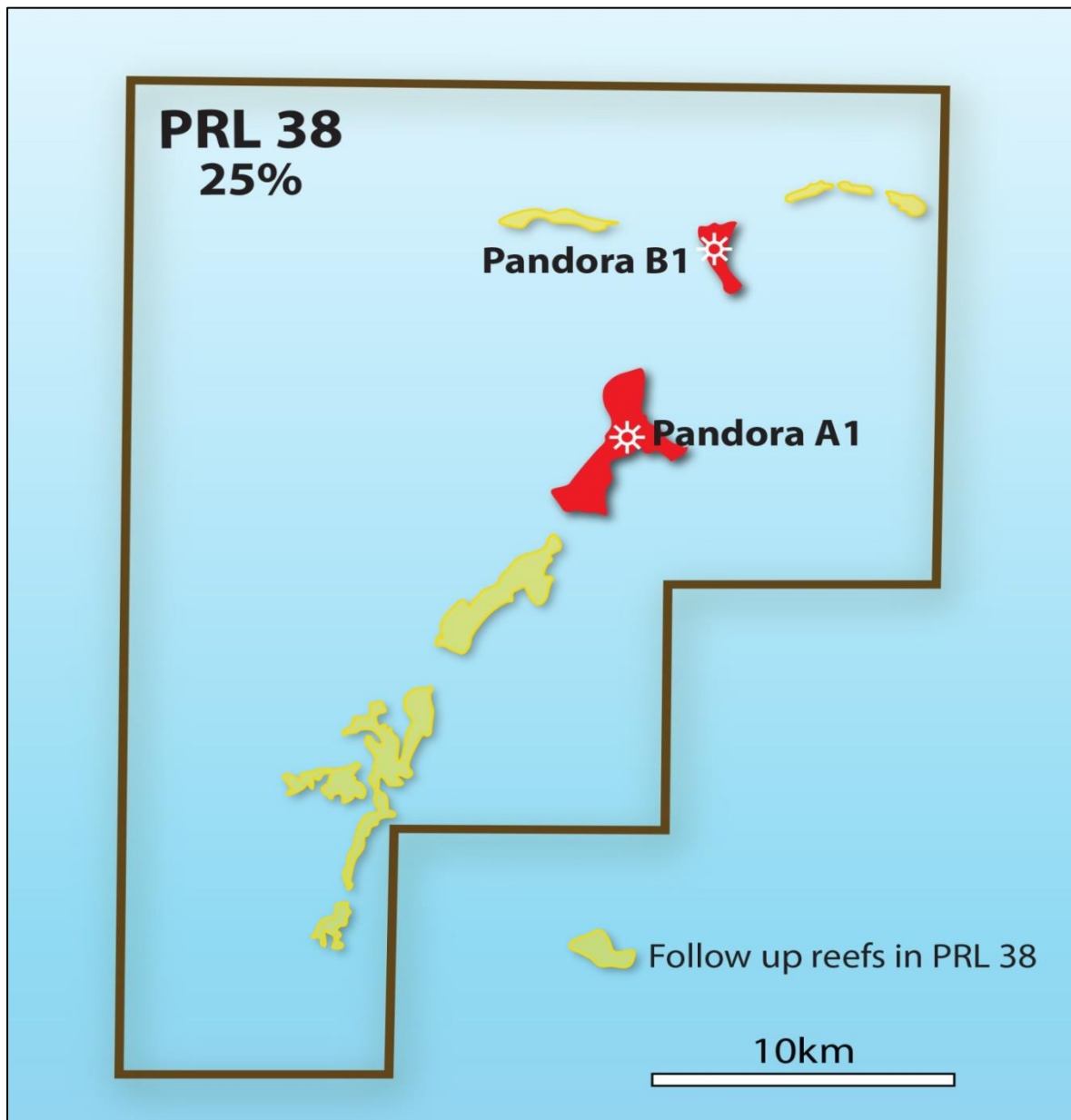
With the potential development of P'nyang and PRL 21, PPL 437 (KPL 57.5%) is a strategically important growth asset for KPL.

We have identified 8 prospects within the PRL 21/PPL 437 areas proximal to the future PRL 21 development infrastructure and/or other possible nearby export routes. However, the disappointing results of the Nama 1 well in PPL259 (in which Kina has no interest), delays to the Stanley development and the lower oil price environment may influence the timing of a drilling decision in PPL 437. The Malisa prospect straddles PPL 437 and PPL 259 and with Nama 1 located midway

between Malissa and Stanley, reservoir quality is a key consideration. However the new PPL 437 seismic data acquired by Heritage in late 2014 confirms a structurally sound, liquids rich target at Malisa with potential for presence of Elevala, Toro and Kimu sands. Once the PRL21 liquids project is sanctioned and a PDL awarded, with PRL 21 joint venturers in both PPL 437 and PPL 259 it will clearly make commercial sense to test Malisa.

In PPL 437, the seismic reprocessing undertaken by Heritage has significantly improved data quality and interpretative confidence within the licence. The 4 prospects in the east of the licence are now viewed with greater credibility, but because the target depth for these prospects is 3500m further seismic acquisition will be required prior to a decision to drill.

PRL 38 Licence Area

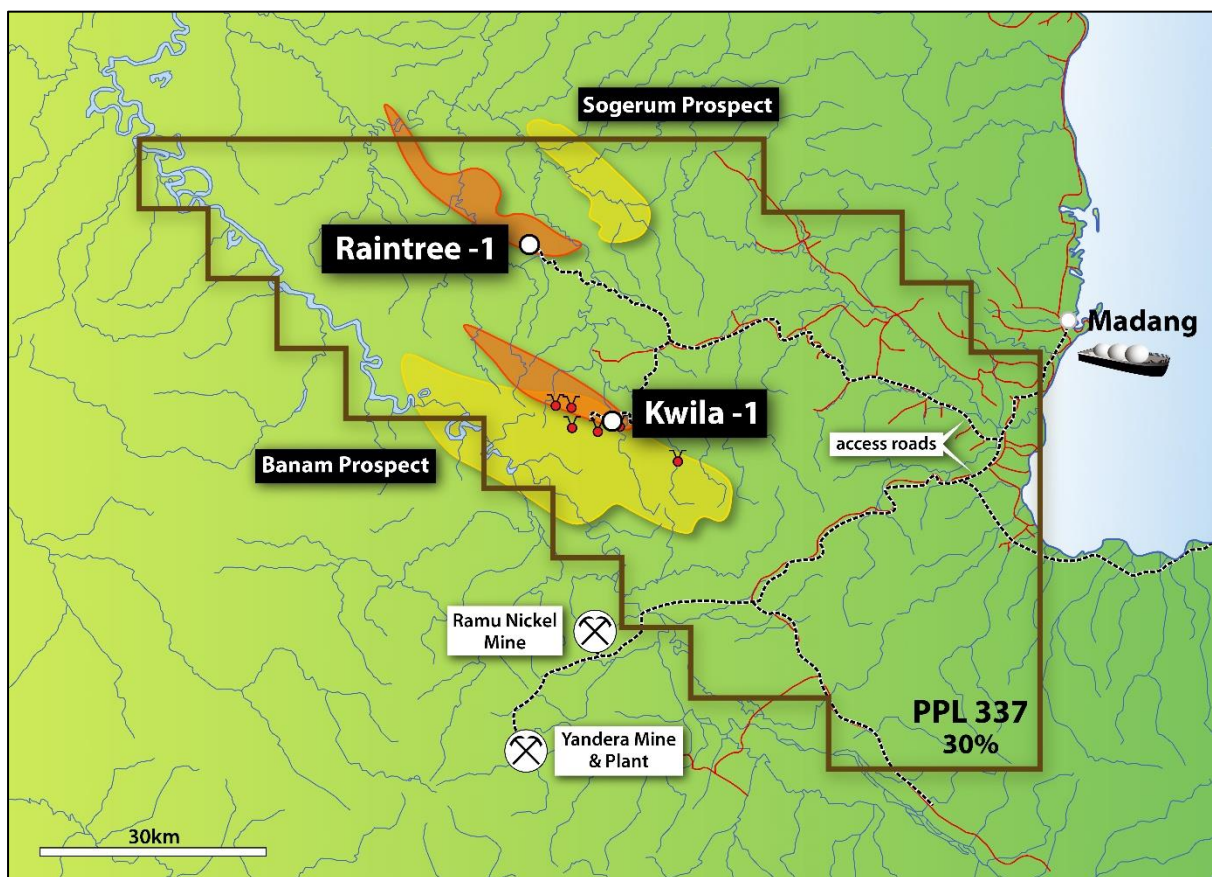


PRL 38 (KPL 25%) contains 2 gas discoveries located offshore in relatively shallow water depths at a depth of 1500m: the Pandora 1X and Pandora B-1X reef structures.

Evaluation of 3D and 2D seismic data within the licence suggests up to 7 further reefs and a number of smaller sandstone gas targets elsewhere within the licence. The low oil price will see delays to development of the gas fields but this should not detract from the long term value of the asset. Pandora 1X and Pandora B 1X delivered very impressive flow rates of respectively 57.1 MMcfd on a 1.25 inch choke and 43.1 MMcfd on a 1.5 inch choke. Furthermore Pandora B 1X is 7.5 km northeast of Pandora 1X and there is a common gas water contact between the wells with an early Pliocene talus carbonate providing communication between the 2 reefs.

Ultimate development of Pandora and any additional resource within PRL 38 will depend on achieving a higher oil price environment which will deliver upward pressure on LNG prices. It has always been KPL's view that gas from PRL 38 will be aggregated with reserves from other developments such as PRL 21. KPL sees PRL 38 as a medium term asset of value due to the significant size of the resource, the exploration upside and the good deliverability of the reservoir.

PPL 337 Licence Area



A 2014/15 highlight for KPL has been the spudding of Raintree 1 in PPL 337 (KPL presently 90%, subject to farmout). Raintree spudded on 30 April 2015, and is not only the first exploration wildcat well to be drilled in northern PNG since Tumba 1 in 1994 - 21 years ago - but is also one of only a few exploration wells likely to be drilled in PNG this year. Raintree 1 is accessible by road from Madang and mobilisation to site required around 40 truckloads to move the rig, camp and consumables to site.

Raintree 1 is being drilled by the Energy Drilling Australia Rig 2 (a truck mounted Schramm 200) which is performing very well particularly for its first program in country. The rig can be moved and erected quickly and operations require 13 people on site. A photo of the rig appears below.



Energy Drilling Australia Rig 2 Drilling Raintree-1

Raintree 1 is targeting a structure with a potential carbonate reef reservoir at the edge of the Ramu Basin. The prospect was interpreted to be a carbonate reef on the basis of its seismic expression and

the presence of fossilised reef rock gravels found in the Sogeram River dated from 11 million years to 500,000 years old. In the event of success at Raintree 1, there is a follow up target within PPL 337 at Sogeram Prospect to the north.

Kwila 1 will follow Raintree 1. The Kwila rig site is approaching completion and gravelling of the access road is under way. Kwila is targeting a Plio-Pleistocene sandstone reservoir down-dip of active gas seeps on the northern flank of the Banam Anticline. A flat spot direct hydrocarbon indicator has been interpreted cutting across a thick north dipping sandstone body which may be a gas/water contact within the sand. In the event of success at Kwila, there is significant follow up potential at the Banam Prospect.

Shown below is the Raintree-1 site.



**AERIAL VIEW OF RAINTREE-1
MAY 2015**

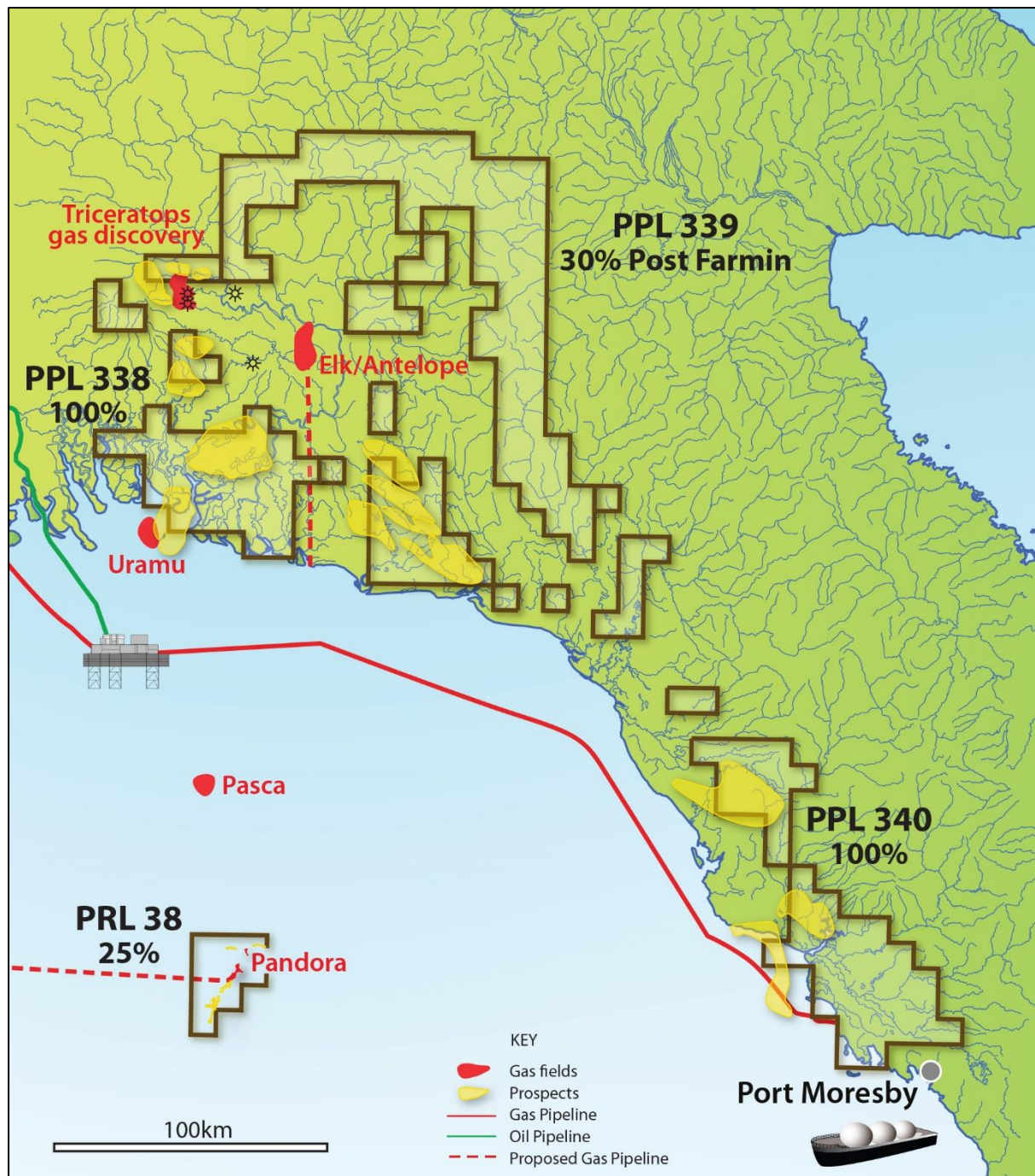
Shown overleaf is the site of the Kwila-1 well, which will follow Raintree-1.



KWILA-1 SITE
KWILA-1 TO FOLLOW RAINTREE-1, JUNE 2015

Discovery of commercial quantities of gas at either Raintree 1 or Kwila 1 has significant impact on energy supply for 2 nearby mines and the greater Madang market. A large discovery could underpin an LNG development with deep water access immediately south of Madang.

PPLs 338, 339 & 340 Licence Areas



PPLs 338 (KPL 100%), 339 (KPL 30%) and 340 (KPL 100%) are located in the eastern Papuan Basin and are close to and along trend from the giant Elk/Antelope gas field and the Triceratops gas discoveries. Supermajor Total SA has been appointed to operate the Elk Antelope gas development. It has been reported that Total will push for the development of a stand-alone 2 train LNG project separate from PNG LNG with a development decision in 2018. Drilling results of Antelope 4 and 5 have raised optimism that the 2C resource will exceed the previously estimated mid-range resource quantities and will be sufficient for development to proceed.

KPL has developed 13 prospects and leads south and east of Elk Antelope and Triceratops. Nine are close to the coast or accessible by road and will not require helicopter supported drilling infrastructure. Only the prospects in the Greater Triceratops area require a heli-supported rig.

Over the last 3 years, Kina's inventory of prospects and leads has been matured by acquisition of significant seismic and gravity gradiometry data over Nipa, Triceratops, Bowerbird and Cassowary. The significant cost to achieve this has been delivered by farm out.

Although impressive, the portfolio of prospects and leads remains high risk and if a conventional heli-supported program was being considered it would require significant and costly seismic acquisition to mature the prospects to drillable status. In fact, the current cost of seismic data acquisition in PNG is one of the major impediments to wildcat exploration.

Fortunately based on re-interpretation of the new and legacy seismic data, Kina believes 9 of its prospects are shallow enough to be drilled by EDA Rig 2 or an equivalent. In fact Rig 2 has drilled a 3.5 inch hole to a depth of 2380m and the prospects are located either on estuaries close to the coast or can be accessed by road.

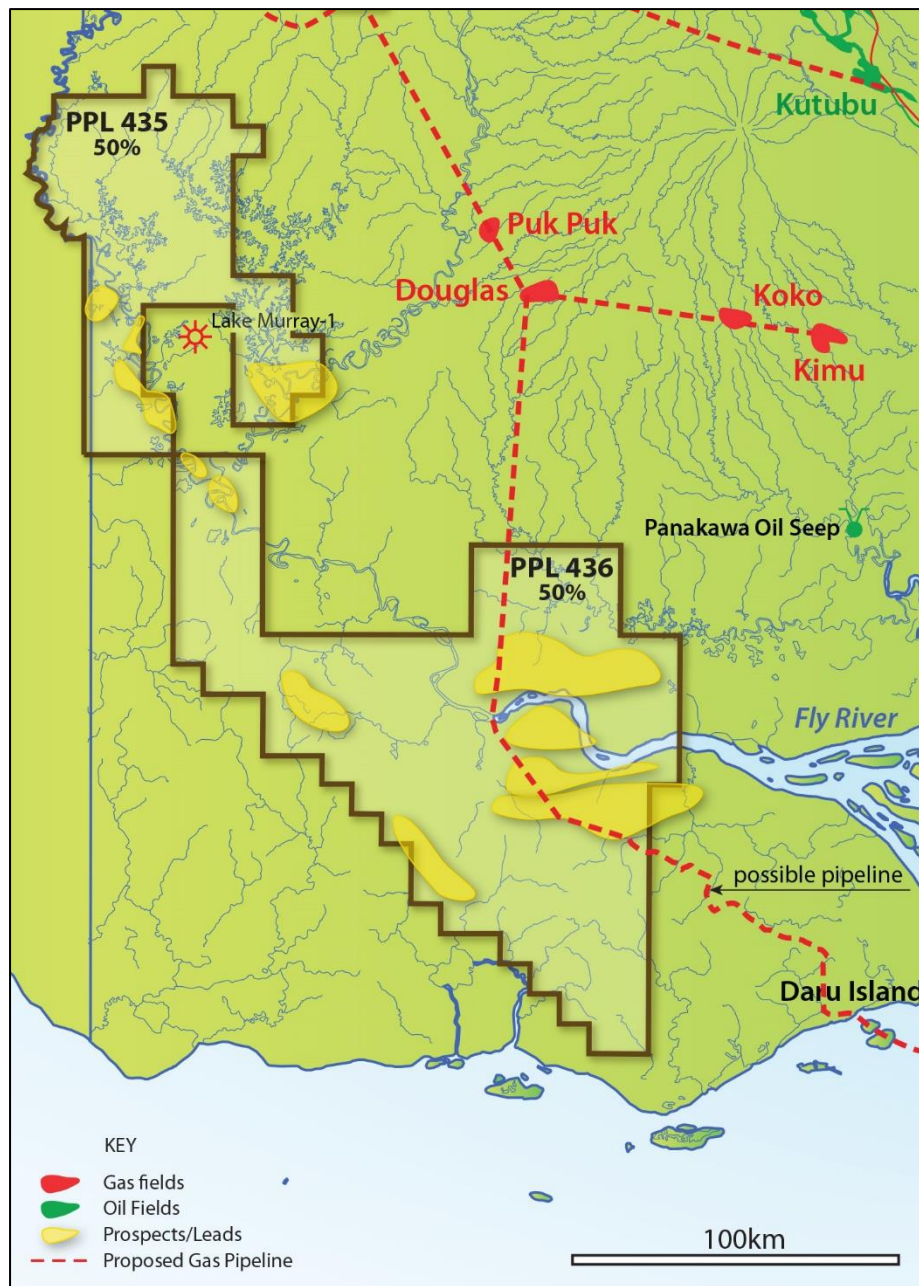
Unfortunately many of the prospects are impaired by poor seismic data due to either poor processing technology or complex structuring, but over the last 12 months KPL has invested significant time and energy investigating new technology to improve the quality of the seismic data base. Tests have been very encouraging and KPL has embarked on a major reprocessing effort in the Eastern Papuan Basin.

KPL retains 100% equity in PPLs 338 and 340. Oil Search has exercised its right to farm in to PPL 339 - and in doing so has committed to drill a well - with Kina retaining a participating interest of up to 30% in the licence. Kina has completed its analysis of legacy seismic data and subject to results of the reprocessing believes Mangrove, Nipa, Cassowary, Bowerbird and Lizard may be elevated to drillable status for a programme using EDA Rig 2 or its equivalent. The successful implementation of this type of drilling technology will open a new paradigm for exploration drilling in PNG. Well costs will approach the cost of a 100km 2D seismic survey allowing companies to test stratigraphic and play concepts prior to investing in additional seismic and conventional wells. It is hoped that the seismic reprocessing now underway will deliver a drilling program that can commence in 2016.

Because KPL has 100% of PPLs 338 and 340 it intends undertaking a major farmout effort once the reprocessed seismic data is in house. The wet gas discoveries at Uramu, Triceratops and Elk Antelope and oil at Puri 1 and the oil recovery at Upoia bore and numerous documented nearby oil and gas seeps confirm that there is an active petroleum system in PPL 338 and southern PPL 339. However the gas shows to the east become drier and the PPL 340 area may be in the catchment of a biogenic rather than thermogenic kitchen. Kina is conducting a detailed technical review to assess the nature of the petroleum systems present in the southern areas of the licences.

The commerciality of the prospect and lead inventory in the Eastern Papuan basin has also been an area of focus given the lower oil price environment. Kina has completed a ranking of its inventory in the East Papuan Basin with analysis demonstrating economic merit in a 3 to 4 well program in PPLs 338 & 339, based on current interpretation of structure and potential resource numbers, even at US\$50 per barrel.

PPLs 435 & 436 Licence Areas



PPLs 435 and 436 are located in the southern foreland of the Papuan Basin.

Kina has matured a significant inventory of large prospects and leads at the southern margin of the basin with good access along the Fly River. Oil generation in the south of the basin is supported by the presence of the Panakawa oil seep which was observed to be flowing at a rate of 5 barrels of oil per day at surface. The origin of this oil and the age of the source rocks will form part of a study being sponsored by Kina.

To the east in the Elk Antelope area, Interoil has advanced a view that the hydrocarbons are derived from a Tertiary or late Cretaceous source. If this is the case Kina sees potential for hydrocarbons in the Oriomo, Sturt, Alligator and Dalbert prospects. Kina has integrated its proprietary gravity database with regional open file gravity data sets which also shows support for the presence of hydrocarbons in those prospects.

We are currently integrating our interpretation of the gravity and seismic data sets in advance of undertaking reprocessing of legacy seismic data sets. The experience gained in PPL 338 will deliver significant benefits to the PPL 435 and 436 area.

Based on analysis of existing data Kina believes the prospect and lead inventory identified in PPL 435 and 436 could be tested by EDA Rig 2 or its equivalent with river access being feasible for most prospects. Subject to the results of a forthcoming reprocessing program Kina believes a multiwell drilling program using an EDA type rig will be justified based on the existing data set and like the exploration philosophy outlined for PPL 338/339, the results obtained will influence future decisions on follow up seismic acquisition.

The Future

Kina's priority remains establishment of cashflow generated from liquids production from PRL21.

Within PRL 21, KPL and its joint venturers have drilled 3 successful wet gas wells appraising the Elevala and Ketu fields, and within PPLs 437, 337, 338 and 339 Kina has advanced exploration activity through successful farm out activity with minimal requirement for capital on Kina's part. The successful appraisal of Elevala and Ketu fields has seen the submission of a Petroleum Development Licence and our exploration efforts have culminated in the drilling of 2 wells in PPL 337.

In PPLs 337 – 340, with the end of the first six year licence term approaching, KPL is working with its joint venture partners and the Government of PNG to establish the most prospective areas to retain for continued exploration effort.

The operational success of the rig used in the PPL 337 drilling program will have significant ramifications for Kina and the industry at large. As outlined today many of our prospects can be accessed by this rig and this has the potential to reduce exploration drilling costs significantly. Lower drilling costs will revitalise exploration drilling activity and subject to the outcome of seismic reprocessing activities being undertaken in the second half of 2015, a major farm out effort will be mounted for a multi-well drilling program in PPLs 338 and 340 in 2016 and PPLs 435 and 436 in 2017. The success of this program will depend on our capacity to deliver a commercially attractive portfolio of targets and the means to cost effectively test them.