



ASX ANNOUNCEMENT (ASX: KPL) 23 June, 2015

Spud of Kwila-1 well in PPL 337

Kina Petroleum Limited (“KPL”) is pleased to announce the spud of the Kwila-1 exploration well in PPL 337.

The well spudded at 12.05 a.m. local time on 23 June 2015.

Kwila-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 2 wells. The first of those wells, Raintree-1, has been drilled. 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.

Kwila-1 is designed to test Plio-Pleistocene sands some of which were gas bearing in the shallow section of Raintree 1 and will be drilled to a depth of around 1km. Drilling time is expected to be around 2 weeks.

Kwila-1 will be drilled using the Schramm 200 rig that drilled the Raintree-1 well.

The site, with the rig on location, is shown in the images below.





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

"We look forward to the drilling at Kwila-1 which will test a trap with an associated seismic anomaly which Kina believes is within a sandstone body on the northern flank of the Banam Anticline, which remains the largest untested geological feature in Papua New Guinea.

The significant gas shows in parts of the upper section of Raintree 1 and prolific gas seeps on the northern flank of the Banam Anticline give us confidence that gas generation is taking place within the basin and subject to presence of a good quality seal, we believe significant quantities of combustible gas could be present in the prognosed reservoir at Kwila 1. The well is a significant test of the hydrocarbon potential of the Ramu sub-basin and success will provide real positive benefits to mines and the communities within the Lae and Madang regions.

Kwila-1 will also provide further valuable in-country experience for EDA's rig and crew, the use of which is being considered for our exploration portfolio elsewhere in PNG."

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