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ASX ANNOUNCEMENT (ASX: KPL) 20th March, 2012

PRL 21 – Resource Update

Kina refers to its announcement dated 20th January 2012 which provided an update to the drilling activity of the Elevala 2 ST 1 well which was the first well in the KPL, Horizon Oil ("**HZN**") and Talisman Energy Niugini Limited Joint Exploration Program for 2011/12.

The sidetrack was kicked off at a measured depth of 2,446 m and reached a measured total depth of 3,630 m in the Toro sandstone (below the Elevala sandstone). Logging while drilling, sampling and pressure measurements defined a gas-water-contact to the hydrocarbon accumulation, successfully fulfilling the primary objective of the sidetrack well.

This established a field gas column height of greater than 50 m and further implied that the Elevala structure is full to spill point. Based on the drilling results and the existing seismic data, the well outcome was to the high side of expectations and incorporating the results of new seismic which was recorded over the Elevala, Tingu and Ketu structures, the Company engaged the services of its Consulting Geologist Mr Ian Longley to provide an estimate of the resources contained within the Elevala Field.

Set out at Table 1 below is an extract from Mr Longley's report on his assessment of the Contingent Resource at the Elevala Field.

The Company notes that in its IPO Prospectus dated 4th November 2011, the Independent Expert estimated the Elevala Field P50 Prospective Resource as being 400 BCF OGIP, with the revised number calculated by Mr Ian Longley as 670 BCF OGIP resulting in a Contingent Resource (recoverable) of 480 BCF as outlined in Table 1 below.

Table 1: Elevala Field Contingent Resource's[1]

	Gas (bcf)	Condensate (mmbls)	mmboe
P90	272	16	61
P50	470	27	105
Mean	480	28	108
P10[2]	700	41	158

1 The assessment of the Elevala 2 Contingent Resources has been based on the Elevala 2 SSt depth MSL Map supplied by PRL 21 Horizon Oil (Papua) Limited.

2 The P10 Contingent Resource demonstrates the upside case with the Tingu structure included in the calculations.

Competent Persons Statement

The information outlined in Table 1 is contained within a report to the Company titled Elevala Resource Review PRL 21. Mr Longley is a consultant to the Company. Mr Longley is an experienced senior oil and gas executive having worked globally over the past 25 years for companies such as Woodside Energy Ltd, Oil Search Ltd and Shell Oil. Mr Longley is a proven oil and gas finder with established new business development skills. Mr Longley is a recognised world expert on the Petroleum Geology of Australasia with multiple keynote publications. Mr Longley is currently a senior lecturer for the industry based Petroleum Geology of SE Asia training course with an extensive contact-base and knowledge of historical and current opportunities in the region.

PRL 21 Participants

Upon the recently announced sale process being approved by the relevant authorities, the resulting participants in PRL 21 will be:

Participant	**% Interest**
Horizon Oil (Papua) Limited[1]	45.0%
Talisman Energy Niugini Limited	32.5%
Kina Petroleum Limited	15.0%
Diamond Gas Niugini B.V	7.5%
	100.0%

Further information on the Company is available at: http://www.kinapetroleum.com/

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[1] A wholly owned subsidiary of Horizon Oil Limited (ASX: HZN)