



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

DRILLING UPDATE PRL 21 Ketu 2 20th April, 2012

Kina Petroleum Limited ("**KPL**") announces that, Ketu 2 well has well reached a total measured depth of 3,787 m in granitic basement on 17 April 2012. The current operation is running wireline logs and velocity survey, which will be followed by a logging run to take pressure measurements and samples across the target zone. A more detailed report on the well result will be able to be made once these logs have been obtained.

Since the last report, the well was deepened from the 9-5/8" casing shoe in 8-1/2" hole. A 27 m core of the target Elevala sandstone was successfully cut and recovered, before drilling the well to total depth. The Elevala sandstone was penetrated at a depth in line with the pre-drill prognosis and mudlog and logging-while-drilling (LWD) data indicate a gas zone. Subject to confirmation by further logs and samples, it appears that the Ketu-2 well has confirmed extension of the gas accumulation approximately 9 km east of the location of the Ketu-1 discovery well (Fig1 below).

Ketu 2 comprises the second phase of the KPL, Horizon Oil ("**HZN**") and Talisman Energy Niugini Limited Joint Exploration Program for 2011/12. KPL has a 15% working and paying interest in this well and in PRL 21. Horizon with 45% is operator of the Licence.

The Ketu-1 ST1 well, drilled in 1990/1991 by BP Exploration, discovered gas in the Early Cretaceous Elevala Sandstone of the Alene Member. Petrophysical and RFT analysis confirmed the discovery of a 12m gas/condensate zone. No GWC was intersected.



The Ketu structure is in close proximity to the Elevala structure and in the event of a commercial development, will allow produced Ketu gas to be piped back and processed at a proposed Elevala condensate stripping facility, removing the cost of establishing a separate processing facility for the Ketu development.

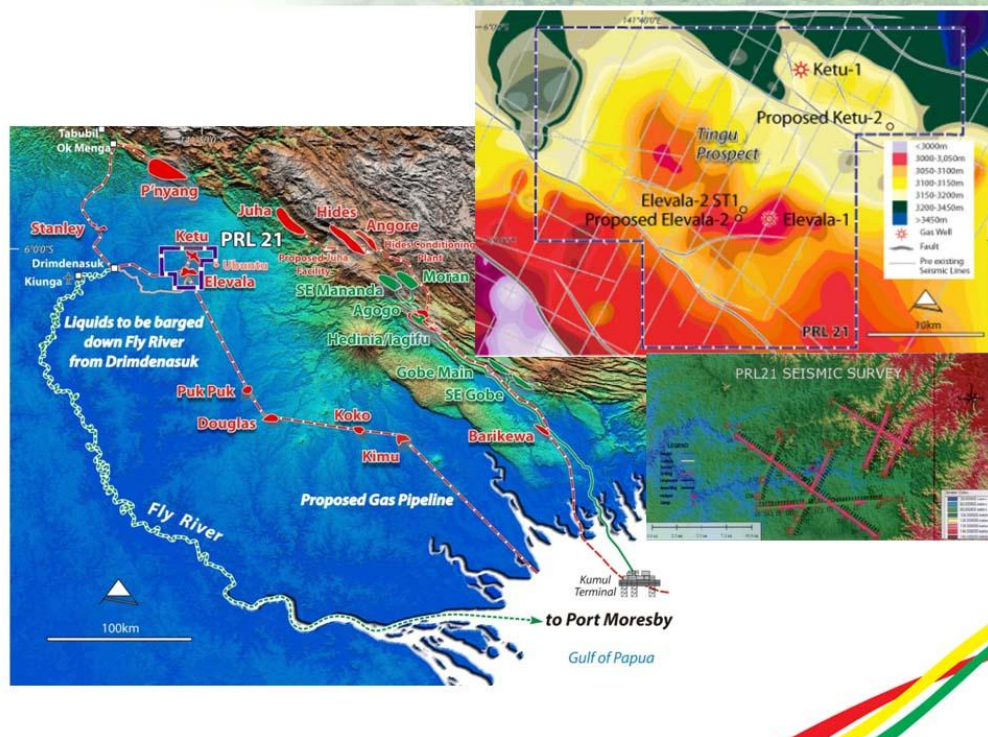
Kina Petroleum's Managing Director, commented:-

"The results to date of Ketu 2 are encouraging and Kina hopes to be in a position to make comment on resource size at Ketu Field once the logging of the well is completed and well results are integrated with the recently acquired seismic data."

PERMIT	The Ketu 2 well is located in exploration permit PRL 21. A map showing the location of the well is set out below.
WELL LOCATION	Surface Location: Latitude: 6° 04' 31" S, Longitude: 141° 51' 22" E
KINA'S INTEREST	Kina Petroleum Limited holds a 15% interest in the well.
DATE OF PROGRESS REPORT	Approx 6.00 am 20th April, 2012
CURRENT DEPTH	3,787 m
SPUD DATE	5 th March, 2012
DAYS SINCE SPUD	45
OPERATIONS SINCE LAST PROGRESS REPORT	Deepened from the 9-5/8" casing shoe in 8-1/2" hole cut and recover 27 m core of the target Elevala sandstone then drill well to total depth. The Elevala sandstone was penetrated at a depth in line with the pre-drill prognosis and mudlog and logging-while-drilling (LWD) data indicate a gas zone.
FORWARD OPERATIONS	Complete logging acquire sample from reservoir



PRL 21: WELL LOCATION & SEISMIC PROGRAM



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

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