



ASX ANNOUNCEMENT (ASX: KPL) 23rd April, 2012

DRILLING UPDATE PRL 21 Ketu 2 23rd April, 2012

Kina Petroleum Limited ("**KPL**") announces that the operator of PRL 21 has successfully recovered gas across the target zone within the Elevala Sandstone. KPL previously advised that the Ketu-2 well had reached a total measured depth of 3,787 m in granitic basement on 17 April 2012 and that mudlogs and logging-while-drilling had indicated a gas/condensate zone, subject to confirmation by further logs and sampling. KPL can now report that testing and sampling of the Elevala sandstone conducted over the weekend has recovered liquids-rich gas with no water. The decision has been taken to complete the well for future service as a producer or gas re-injection well. The current operation is the running of 7" liner. Once liner is set operator intends to run a completion string and flow test the well.

The Ketu-2 well spudded with Parker *Rig 226* on 6 March 2012 and is being operated by Horizon Oil (Papua) Limited. It is located in Petroleum Retention Licence 21 (PRL 21), approximately 65 km east of the port of Kiunga on the Fly River in Western Province, PNG (see map below). The well was designed to appraise the Ketu gas/condensate accumulation in the Elevala sandstone, discovered in 1990-1991 by the Ketu-1 well, at a location 8.9 km southeast of the Ketu-1 discovery well to determine the extent of the accumulation in that direction and the level of trap fill (Fig 1 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.

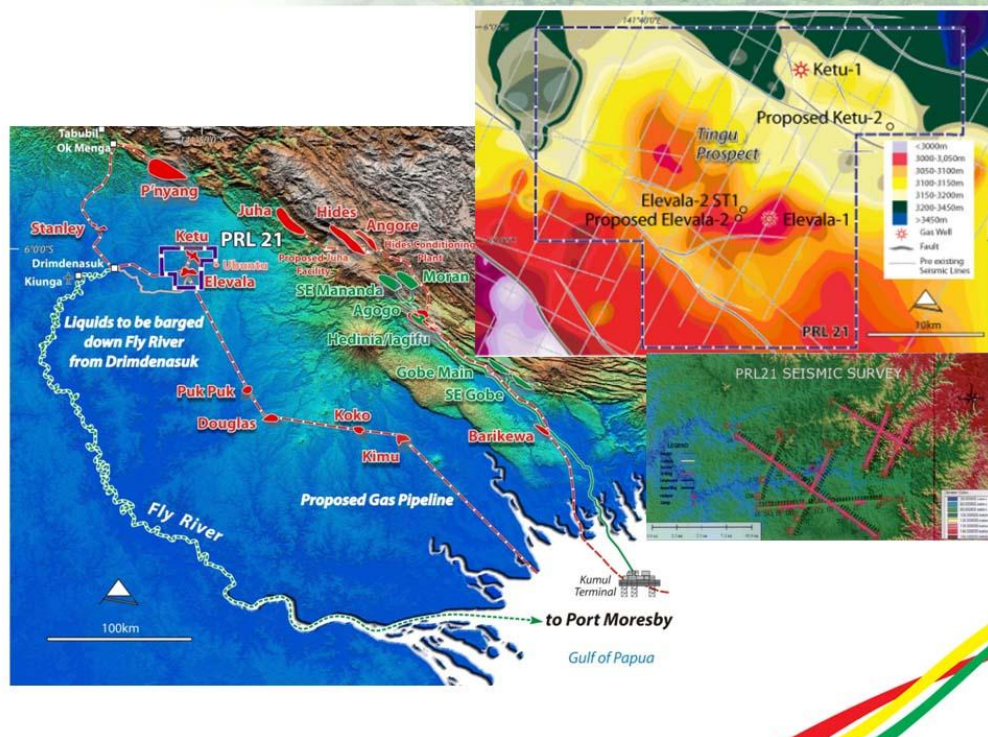
Kina Petroleum's Managing Director, commented:-

"KPL is very pleased with the results of Ketu 2 and will be in a position to make comment on the resource size at Ketu Field once the core data has been analysed and integrated with the recently acquired seismic data. The fact that this well was targeting a gas water contact and has in fact confirmed gas down to the base of the Elevala reservoir interval that was drilled in Ketu 2, augers well for future commerciality of the Ketu Field"

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 22nd April, 2012
CURRENT DEPTH	3,787 m
SPUD DATE	5 th March, 2012
DAYS SINCE SPUD	47
OPERATIONS SINCE LAST PROGRESS REPORT	Completed sample recovery to surface and now running liner
FORWARD OPERATIONS	Complete and flow test



PRL 21: WELL LOCATION & SEISMIC PROGRAM



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

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