



ASX ANNOUNCEMENT (ASX: KPL) 21st May, 2015

Oil Search commits to drilling phase of farmin in PPL 339

Kina Petroleum Limited (“KPL”) is pleased to provide an update in relation to activities in the PPL 339 licence.

Oil Search Limited (ASX: OSH) has elected to commit to the drilling phase of the PPL 339 farmin under the terms of the existing agreement between KPL and OSH. Pursuant to the agreement, OSH will commit to drill a well in return for acquisition of a 70% participating interest in, and operatorship of the licence. KPL will be partially carried through the well resulting in a participating interest of up to 30%.

OSH’s election to farm in follows substantial technical evaluation of the data acquired from 2 seismic programs and an airborne gravity/gradiometry survey between 2011 and the end of 2014. This evaluation has enabled KPL to delineate a shallow prospect on the Cassowary trend.

Both KPL and OSH will investigate the possibility of drilling prospects in PPL 339 using the drilling technology currently being employed on the Raintree-1 well in PPL 337. This is expected to result in substantially lower drilling costs than may have previously been the case.

KPL believes that the Bowerbird and Cassowary prospective trends are sufficiently mature to drill and will work with OSH to prioritise these, along with other prospects and leads, to determine the ultimate drilling program which may begin during 2016.

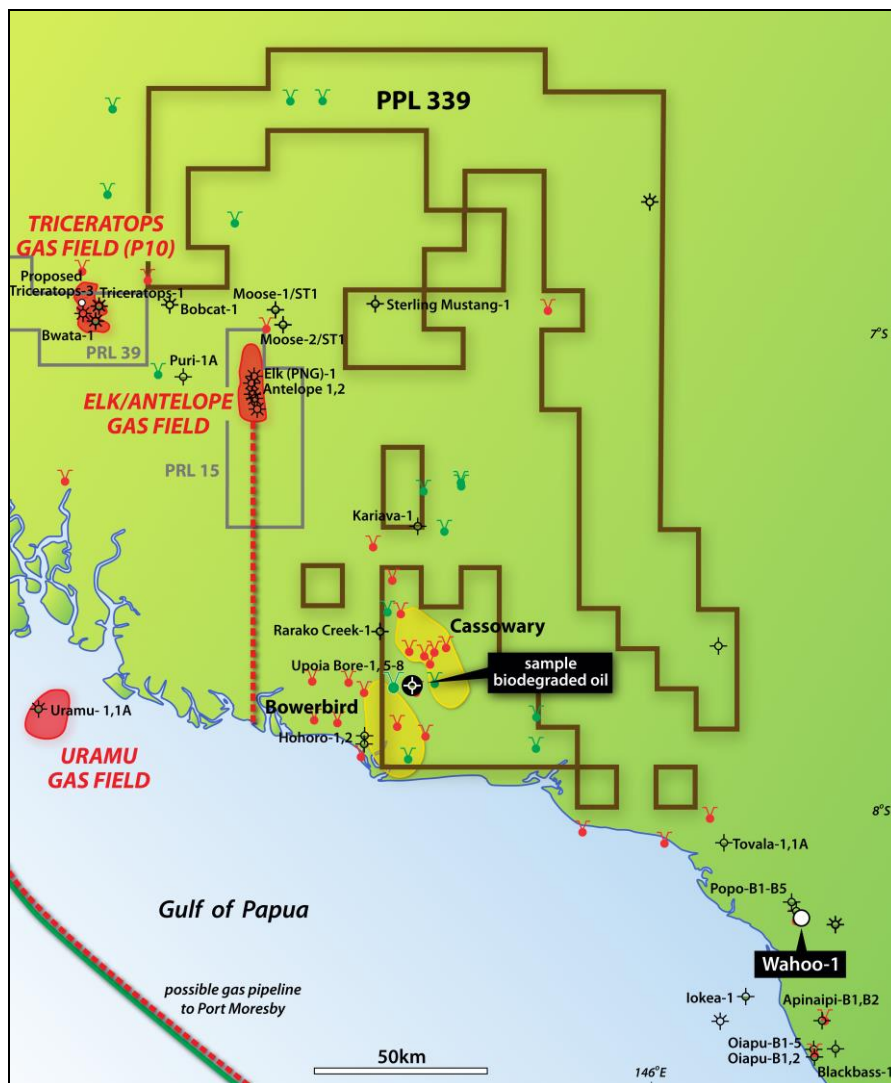
Kina Petroleum’s Managing Director, Richard Schroder, commented:

“Oil Search’s decision to commit to PPL 339 confirms Kina’s view of the licence’s prospectivity, and reflects its attractive location adjacent to the Elk/Antelope field in PRL 15. We will look forward to progressing activity in the licence as we move towards drilling.”

The abundant oil and gas seeps in the vicinity of Cassowary and Bowerbird high-grades this area for investigation by drilling. Its proximity to the coastline improves the chances of commercialization in the event of success.”



A map of the PPL 339 licence area, including prospects and leads, is shown below.



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