



ASX ANNOUNCEMENT (ASX: KPL) 1 May, 2015

Spud of Raintree-1 well in PPL 337

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

The well spudded at 5.00 p.m. local time on 30 April 2015.

Raintree-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 the Raintree-1 and Kwila-1 wells. 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 or fields.

Raintree is designed to test a carbonate reef analogous to but younger than the reservoir in Elk/Antelope and will be drilled to a target depth between 800-1000m metres, at which point logging operations will occur. Full wireline evaluation of reservoir intervals will be conducted, with both pressure and fluid sampling programmed. Total drill time is expected to be 15 days.

Raintree 1 will be drilled by Energy Drilling Australia Limited using the Schramm 200 rig - see attached photo. The pioneering use of this new and cheaper technology in PNG by KPL, Heritage and EDA will materially reduce drilling costs for shallow oil and gas targets in northern PNG and in the foreland areas of the Papuan Basin. This will have a marked impact on the scope, cost and ultimately the success of KPL’s future drilling operations in PPLs 338, 339, 340, 435 and 436.



KPL CEO, Richard Schroder, on site at Raintree with Schramm 200 Rig



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

"The drilling program that is now underway is the culmination of significant operational and technical work undertaken prior to and since the completion of Heritage's farm-in in late 2013.

It has been more than 20 years since there was material exploration activity in northern PNG, and a success at either Raintree or Kwila has enormous positive implications for energy supply to Madang and regional mines, with the wells being ideally located to capitalize on these local markets.

The experience and knowledge gained during the program delivers expertise critical to KPL's future program in the Papuan Basin where the company is maturing targets suitable for this rig and close to proven successes such as Elk/Antelope."

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