



## ASX ANNOUNCEMENT (ASX: KPL) 9 July , 2015

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### Drilling Update for Kwila-1 well in PPL 337

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Kina Petroleum Limited (“KPL”) provides the following update on progress of the Kwila-1 exploration well in PPL 337.

As at 8.00 a.m. local time on 9 July 2015 the well was at a depth of 1,000m metres and wireline logs have been run.

A number of porous, deep water sandstones were intersected but no moveable gas has been observed. There are no zones that warrant testing within the drilled section of the well but slightly higher gas saturations were noted within the deeper sands and may be the cause of the anomaly recognised on seismic data and previously thought to be a hydrocarbon effect.

Kwila-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 2 wells. The first of those wells, Raintree-1, has been drilled. 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.

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

*“Kwila 1 is a valid test of the objectives we had for the well pre-drill. Unfortunately gas was not present in the prognosed reservoir at Kwila 1. Kwila 1 and Raintree 1 were the first wells drilled in North New Guinea for over 22 years. Both wells drilled independent objectives and have advanced our knowledge of the petroleum play in this basin.*”



*The significant gas shows in Raintree 1 and prolific gas seeps on the northern flank of the Banam Anticline give us confidence that gas generation is taking place within the basin and there is a need to take what we have learnt from these wells to advance the play concepts and high grade the remaining prospects in the licence.*

*Kwila1 and Raintree 1 were the first wells operated by Heritage Limited in PNG, and the first wells drilled by EDA in PNG. Both operator and contractor demonstrated a high degree of professionalism and executed the operation in a safe and highly competent manner. All operations were road supported with no helicopter involvement in the project. This achievement represents valuable in-country experience for EDA's rig and crew, the use of which is being considered for our exploration portfolio elsewhere in PNG."*

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