



ASX ANNOUNCEMENT (ASX: KPL) 11 September 2018

Farmout of PPL 339 - Update

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

Further to Kina's ASX release of 7 December 2017, Kina and Santos, through its wholly owned subsidiary Barracuda Limited, have agreed to amend certain elements of the PPL 339 farmout agreement. While the ultimate outcomes are intended to remain the same:

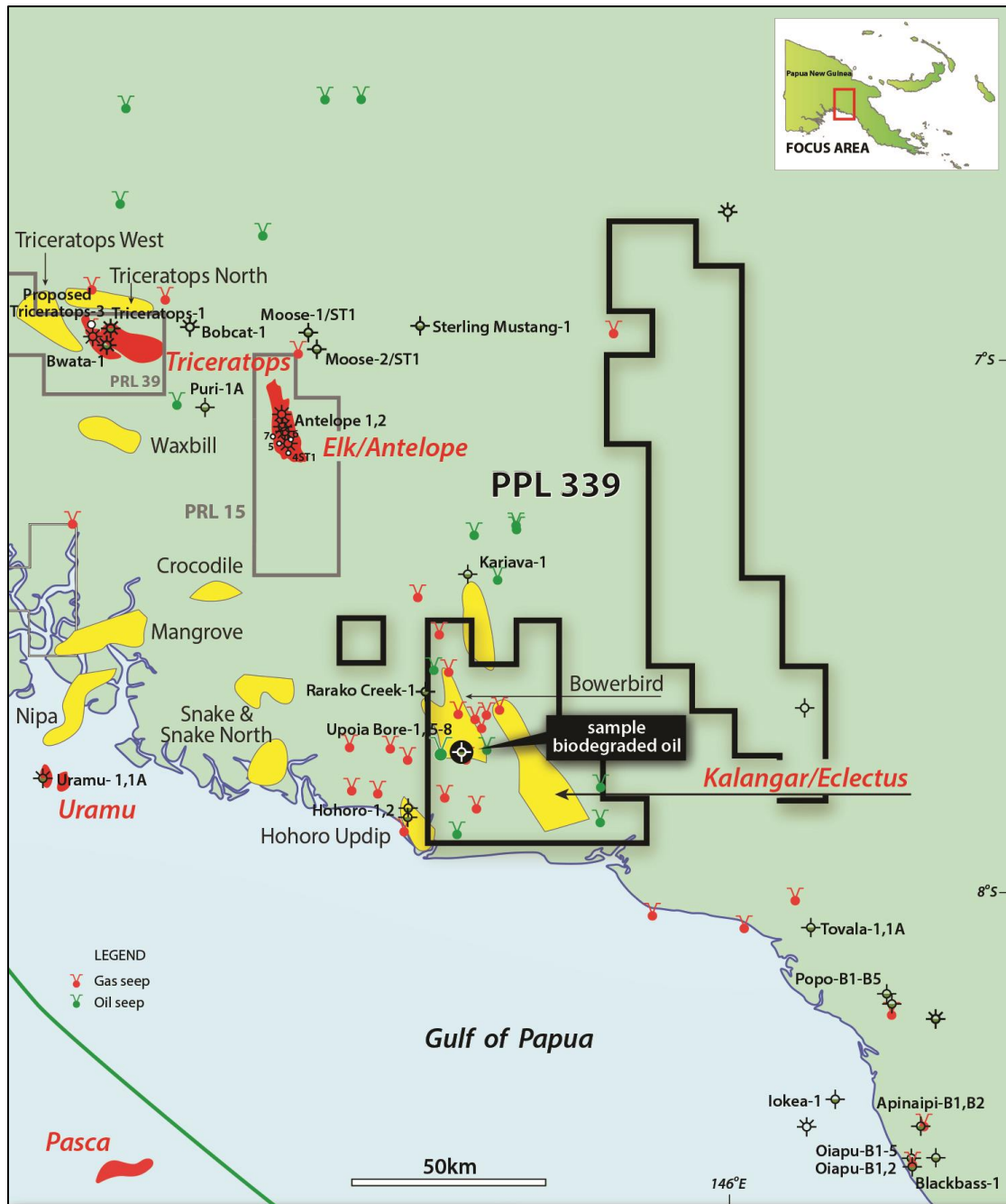
- Santos' acquisition of a 20% participating interest in PPL 339 from Kina will now occur in two phases:
 - an initial acquisition of 17.11%; and
 - the subsequent acquisition of a further 2.89%, during the period when the licence's first well is being drilled.
- Santos will no longer acquire a portion of Kina's remaining well cost carry, but as the benefit of that carry attaches to the (subsequent) 2.89% interest that is to be acquired, Santos will pay Kina \$825,000¹ for the acquisition of that portion of participating interest.

The other key elements of the farmout noted in the release of 7 December 2017, including (i) coverage by Santos of part of Kina's share of geophysical work costs, and (ii) Santos' option to return to Kina any equity acquired subsequent to geophysical work and prior to drilling, are unchanged.

Each phase of the farmout is subject to customary government approvals as well as consents and approvals by joint venture partners. The farmout is also subject to extension of the licence. Oil Search (PNG) Limited, as licence operator, continues to work with the PNG Department of Petroleum to progress the extension.

¹ \$825,000 is payable by Santos on completion of their acquisition of the initial 17.11% participating interest. If, for reasons unforeseen at the date of this release, completion of the acquisition of the subsequent 2.89% participating interest does not occur, Kina is required to refund this amount to Santos.

A map of the PPL 339 licence area², highlighting the Kalangar and Eclectus prospects, is shown below. The map also highlights the licence's proximity to nearby fields whose proposed development is expected to underpin expansion of Papua New Guinea's LNG production capacity beyond that currently provided by the PNG LNG project.



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² The licence boundaries shown are those applied for as part of the extension process. At the date of this release, the licence has not been extended but these boundaries are expected to be included in the final licence document granted by the Minister of Petroleum in Papua New Guinea.