



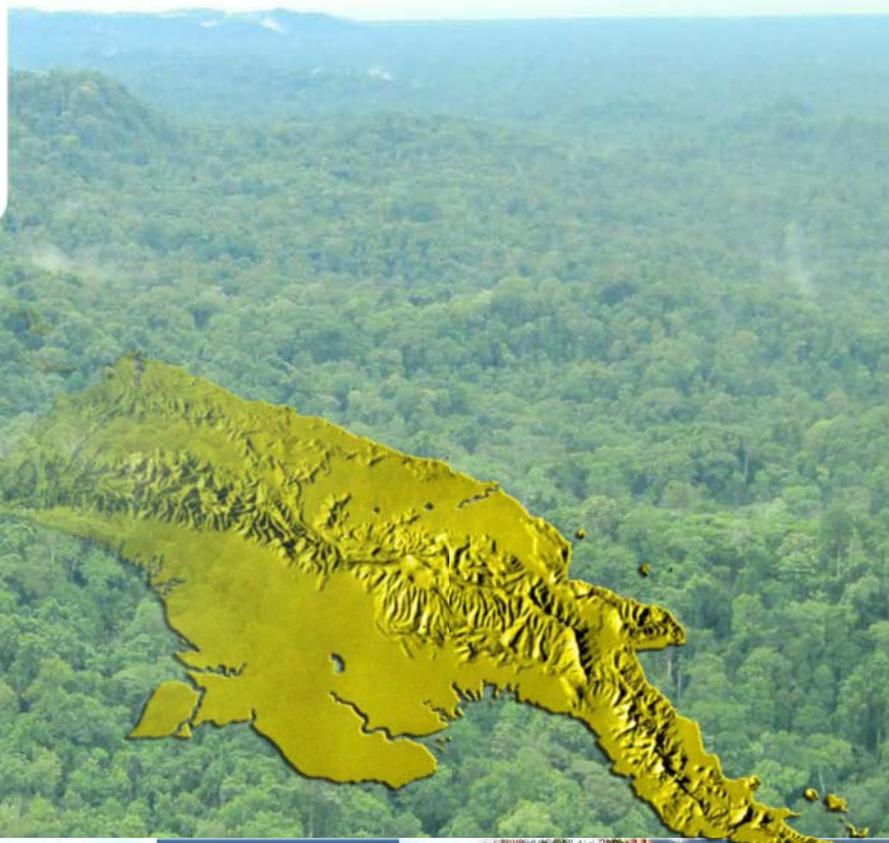
**Kina**  
PETROLEUM LIMITED

PNG Company Number  
1-63551

# INVESTOR PRESENTATION

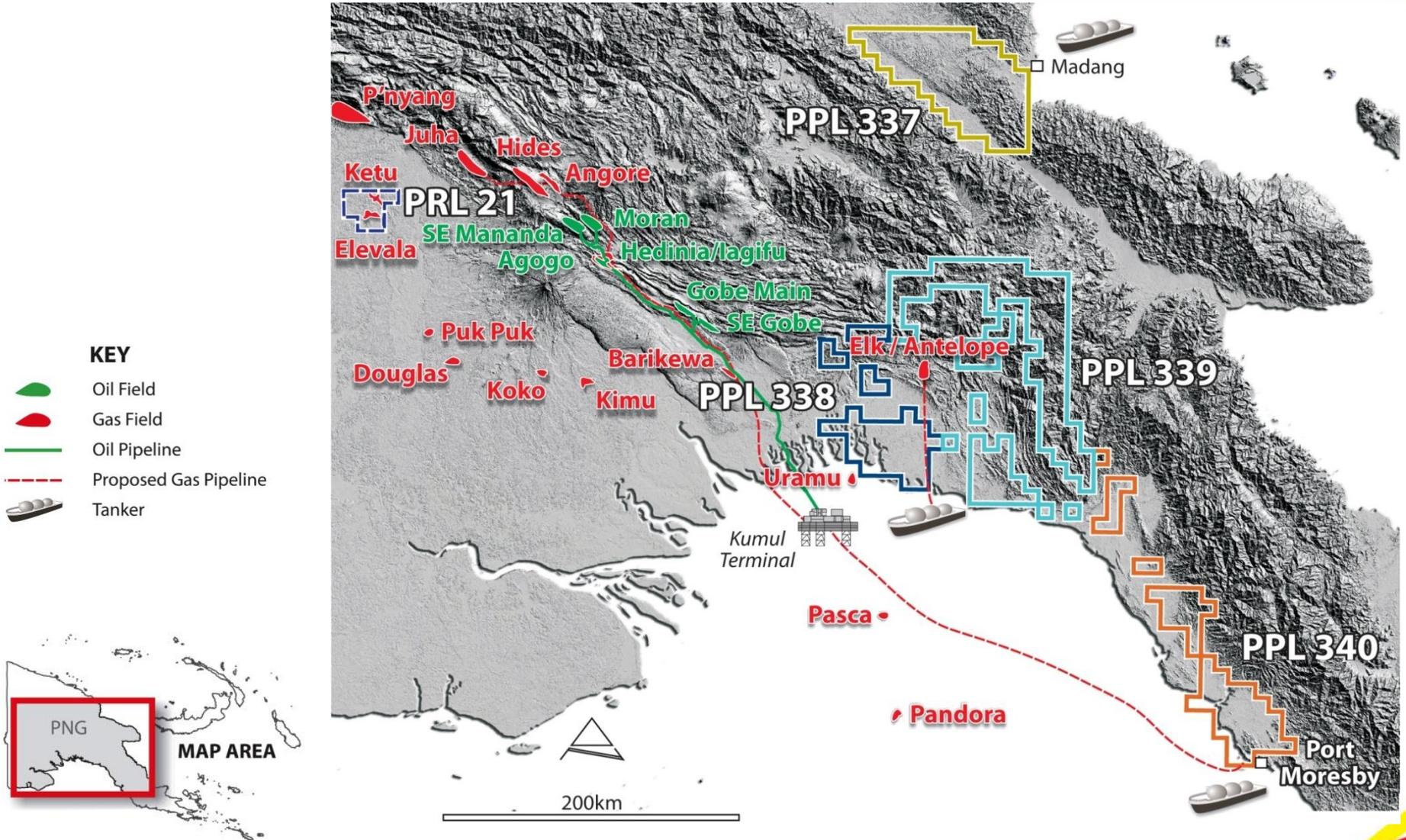
November 2011

Private and Confidential



- **INVESTMENT HIGHLIGHTS**
- **COMPANY STRATEGY**
- **ASSET OVERVIEW**
- **WHY PNG?**
- **BOARD AND MANAGEMENT**
- **OFFER DETAILS**
- **APPENDIX**

- Kina Petroleum Limited (“Kina”) is an oil & gas company with exploration assets located onshore in Papua New Guinea (“PNG”)
- Key asset is a 15% ownership interest in Petroleum Retention License (“PRL”) 21, which contains 2 wet gas discoveries with P50 resource of 480 BCF gas and 25 MMbbl condensate
- Other assets comprise 4 Petroleum Prospecting Licenses (“PPL”) covering ~21,000km<sup>2</sup>
  - Oil Search has entered into farm-in arrangements for PPL’s 338 and 339 to undertake and fund seismic surveys and to drill 2 wells
- Kina’s strategy is to move from exploration to production and cash flow generation as quickly as possible and has an extensive technical program planned for the next 12 – 18 months:
  - 1 well to drill before end 2011 (PRL 21), 1 well to drill 1st quarter 2012 (PRL 21)
  - 2 seismic surveys completed 2011 ( PPL’S 338 and 339) 1 under way 2011 (PRL 21)
  - Potentially 3 wells in 2012 (PRL 21, PPL’s 337 and 338)
- Kina’s Board and Management team have significant experience in the oil and gas industry and longstanding expertise of PNG
- PNG has an established oil & gas industry with a favourable fiscal regime for developing projects and a Government which is actively supporting the industry
- Kina is looking to raise up to AUD\$12.5M, and undertake a listing of its shares on ASX/PoMSoX
- Kina’s Directors and advisers have indicated they intend to participate in this capital raising



***“To build a successful, sustainable oil and gas company, with a regional focus, producing strong returns for all of our stakeholders”***

## **SUCCESSFUL GROWTH THROUGH A BALANCED EXPLORATION AND PRODUCTION PORTFOLIO**

- Acquire or participate in highly prospective oil and gas acreage positions proximal to proven areas and infrastructure development opportunities
- Acquire or participate in well defined production or near to production assets to achieve commercial cashflows

## **HIGHER RISK FUNDING**

- Leverage large , higher risk, exploration positions through Farm-Out and other arrangements whilst maintaining meaningful participating interests in these area
- Seek JV Partners with the requisite technical and fiscal capabilities

## **SUSTAINABILITY**

- Achieve a sustainable and environmentally sound future in areas of operation
- Achieve a high level of local participation through employment and investment

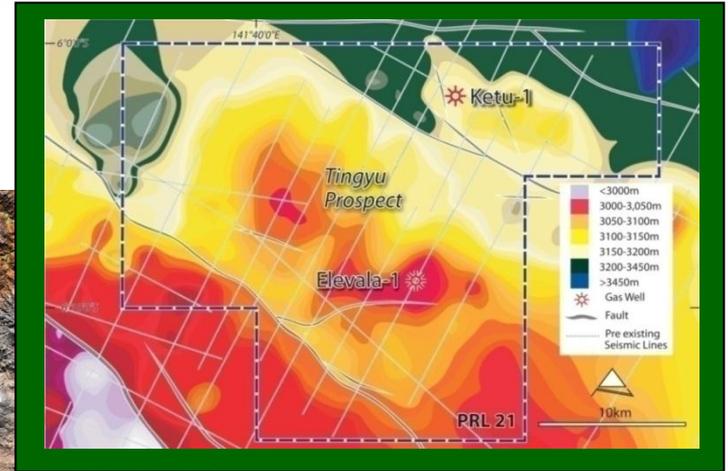
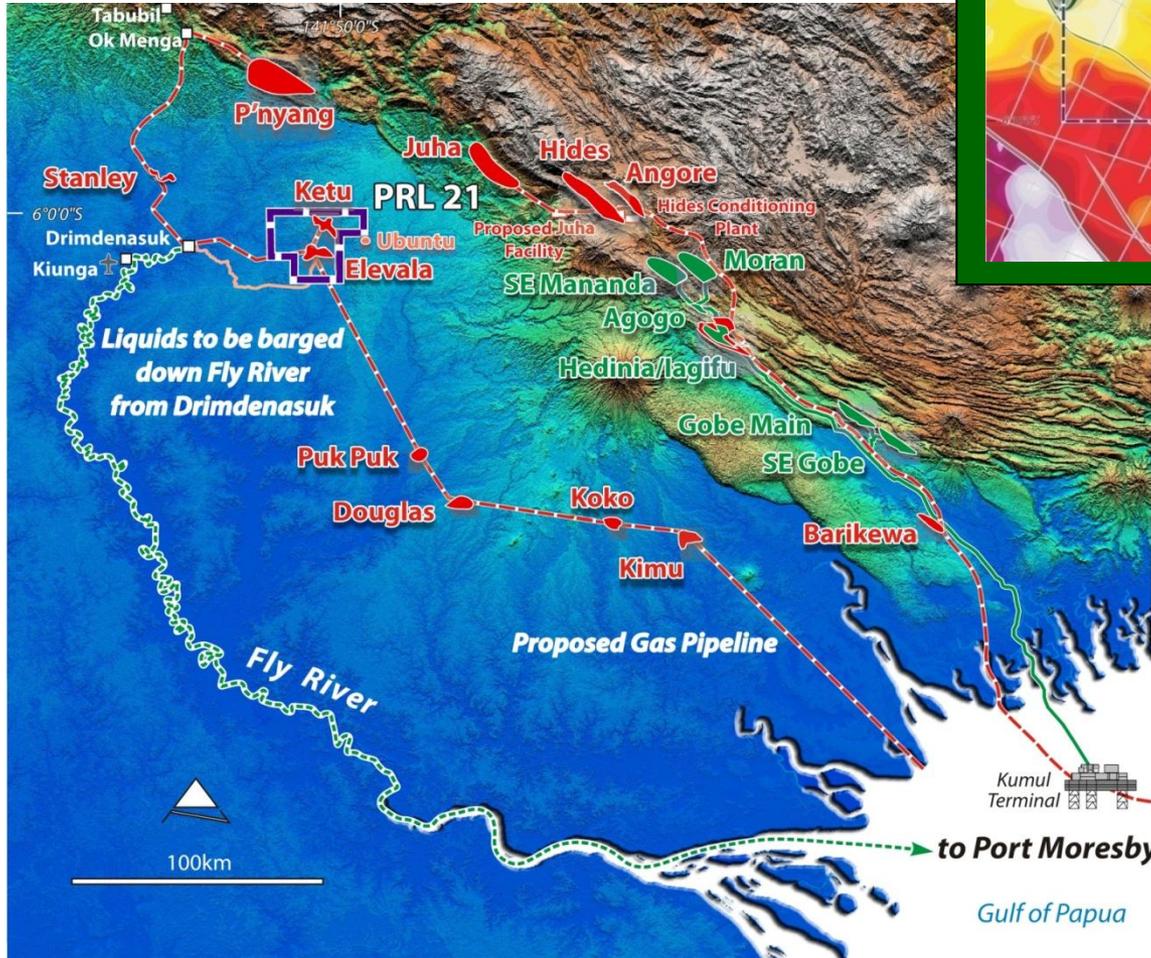
## **REGIONAL FOCUS**

- PNG is primary base of operations with regional participation as opportunities emerge

## **PRL 21**

- 15% ownership interest (Kina recently agreed to sell down 5% ) with other JV partners Horizon (45% and operator) and Talisman (40%)
- Located in foreland area of Western Province in PNG
- 2 discoveries Elevela 1 & Ketu 1
- P50 resource 480 BCF Gas and 25 MMbbl condensate
- 12 – 18 month development plan
  - Continue Front End Engineering and Development studies considering initial development via liquids stripping project
  - Seismic over Elevela & Ketu in 1H 2011
  - Elevela 2 drill 2H 2011
  - Ketu 2 drill 1Q 2012

# PRL 21: WESTERN PROVINCE PLAY WITH NEAR TERM INITIAL DEVELOPMENT POTENTIAL



# Elevala 2 – Site preparations well underway



## PPL 337

- Operator and 100% ownership interest
- Covers an area of 5,508 km<sup>2</sup> and is located in the Ramu Sub Basin close to Madang
- Proven anticline structure with gas seeps
- Potentially giant gas prospect close to domestic and export infrastructure
- 12 – 18 month development plan
  - Potentially farm-out in 2011 with seismic 2011
  - Potentially a well in 2012

## PPL 338, 339 & 340

- Current operator and 100% ownership interest
- Located in the Eastern Papuan Basin north west of Port Moresby and close to giant Elk/Antelope Field owned by InterOil
- 3 blocks proximal to existing & proposed gas export infrastructure
- Oil Search farmed in PPL's 338 and 339 effective Nov 2010 (Oil Search has the ability to become operator and earn up to a 70% interest in the two PPL's by funding an initial seismic program and dependent on the results of this program the cost of two wells)
- 12 – 18 month development plan
  - Seismic completed PPL 338 Aug 2011
  - Seismic completed PPL 339 Aug 2011
  - Potentially 2 wells to be drilled in PPL's 338 and 339 in 2012/13

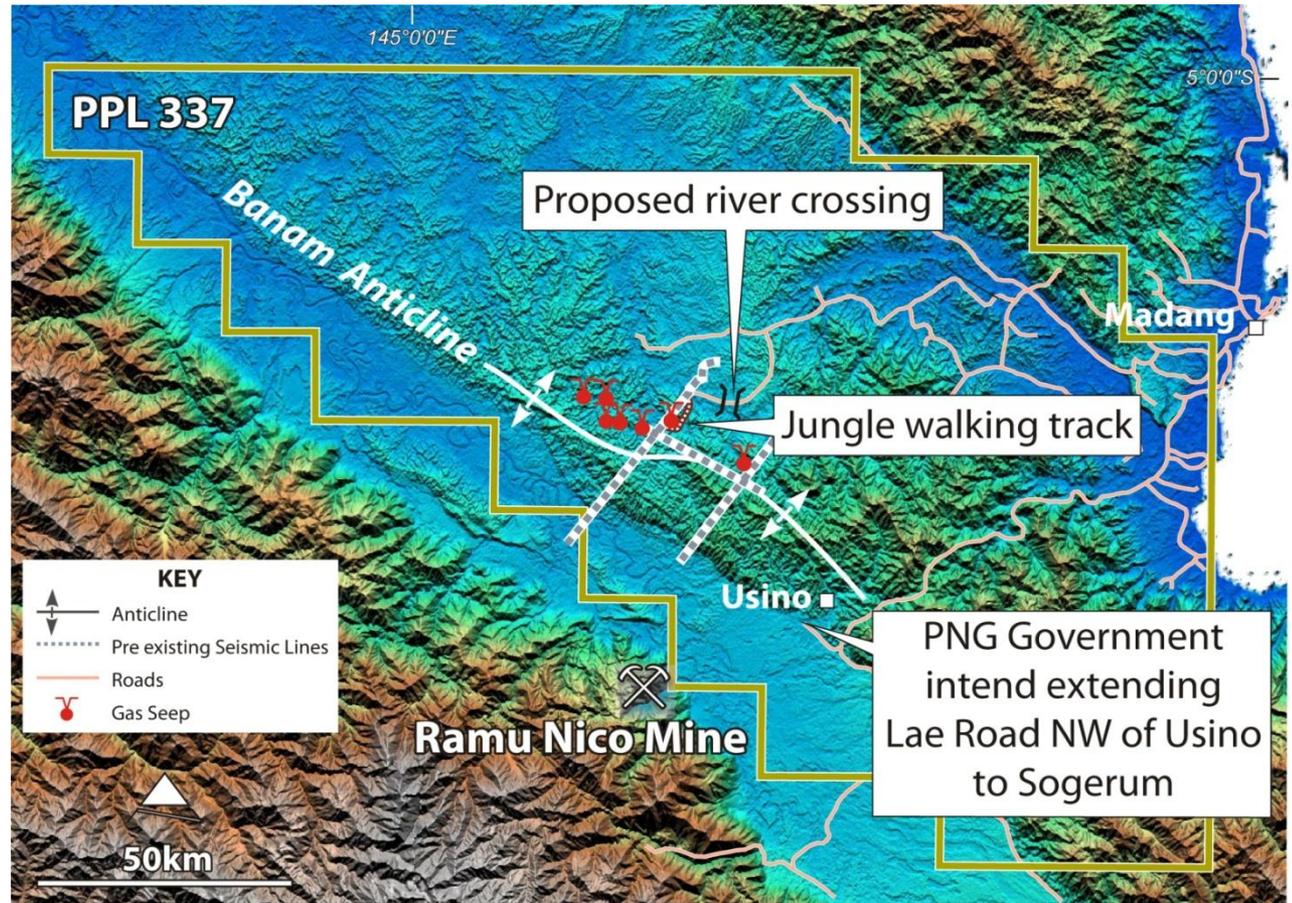
# PPL 337 BANAM ANTICLINE INFRASTRUCTURE & GAS SEEPS



Logging tracks provide excellent access

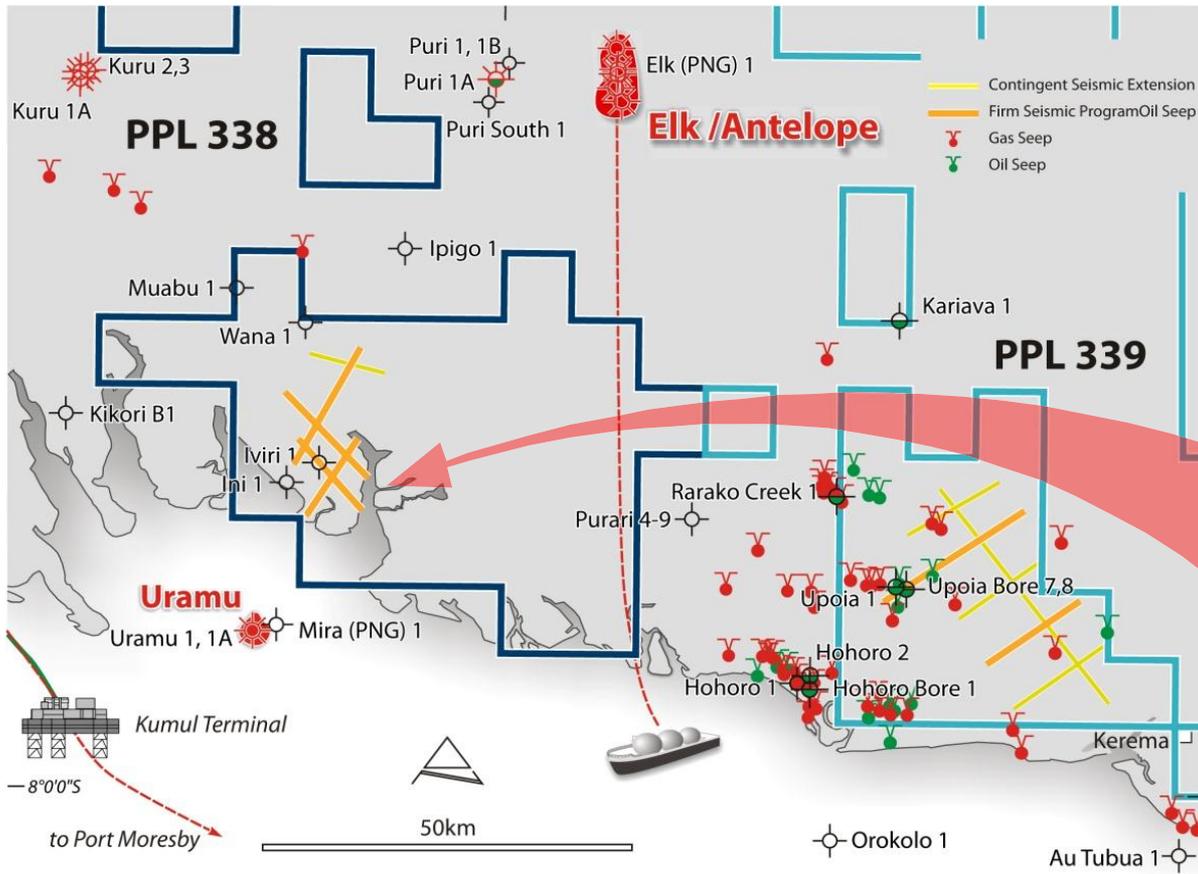


A gas flare on Banam Anticline





## PROPOSED SEISMIC SURVEYS

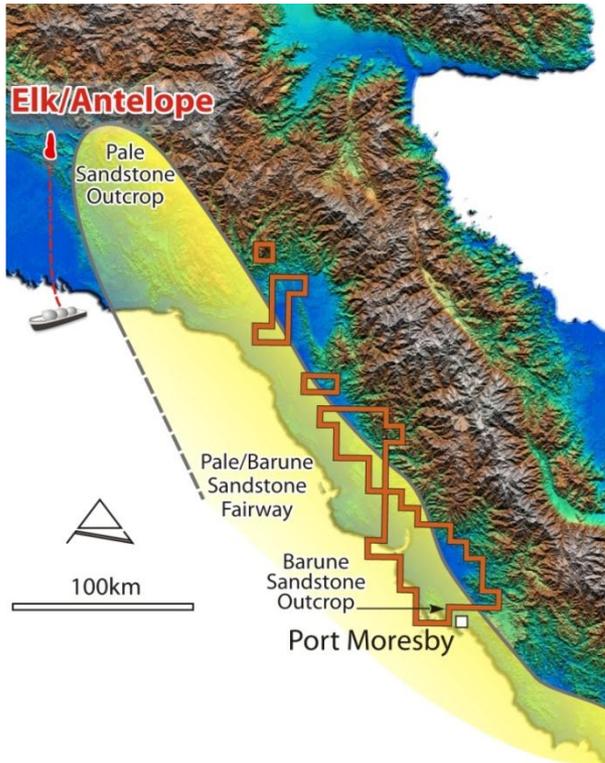


## STATUS OF IVIRI SEISMIC SURVEY

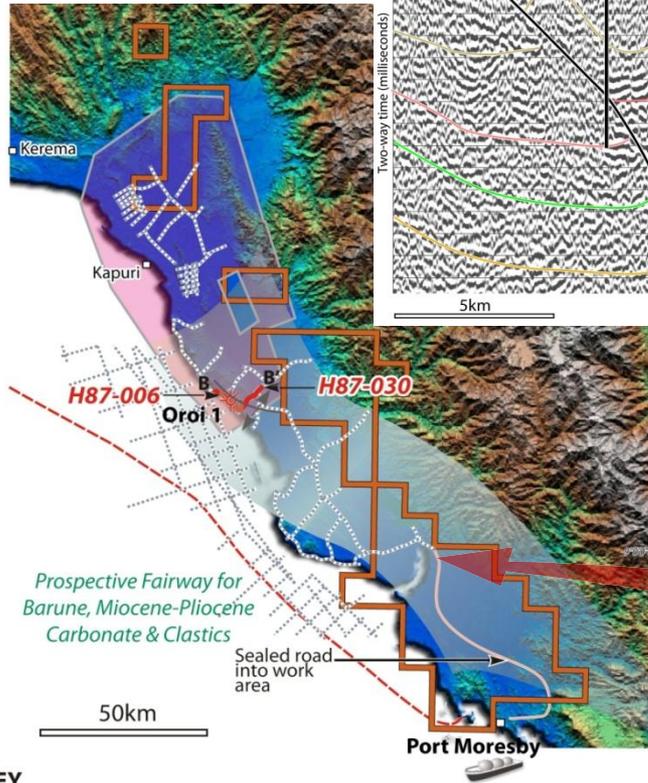
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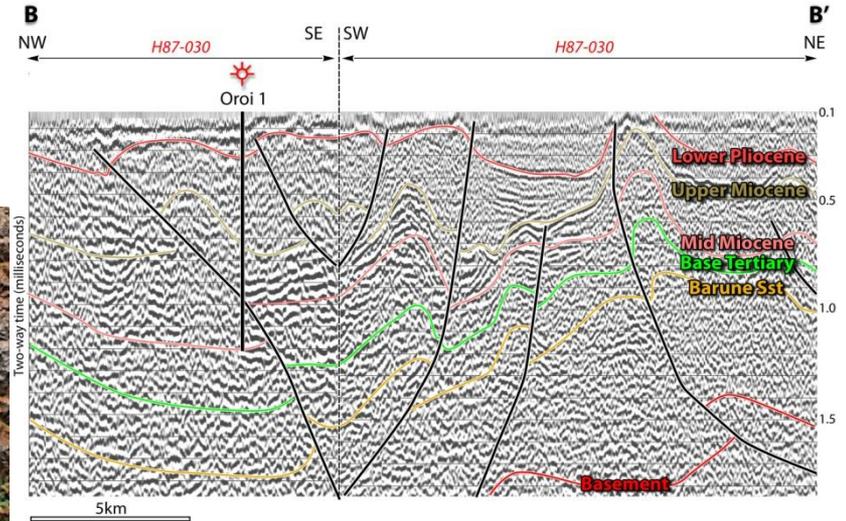
# PPL 340 GAS PLAY, EASY TERRAIN & PORT MORESBY



- KEY**
-  PPL 338 Licence Boundary
  -  Aerogravity and Magnetic Survey Area
  -  Proposed Gas Pipeline



-  Pre existing Seismic Lines
-  Road
-  Tanker

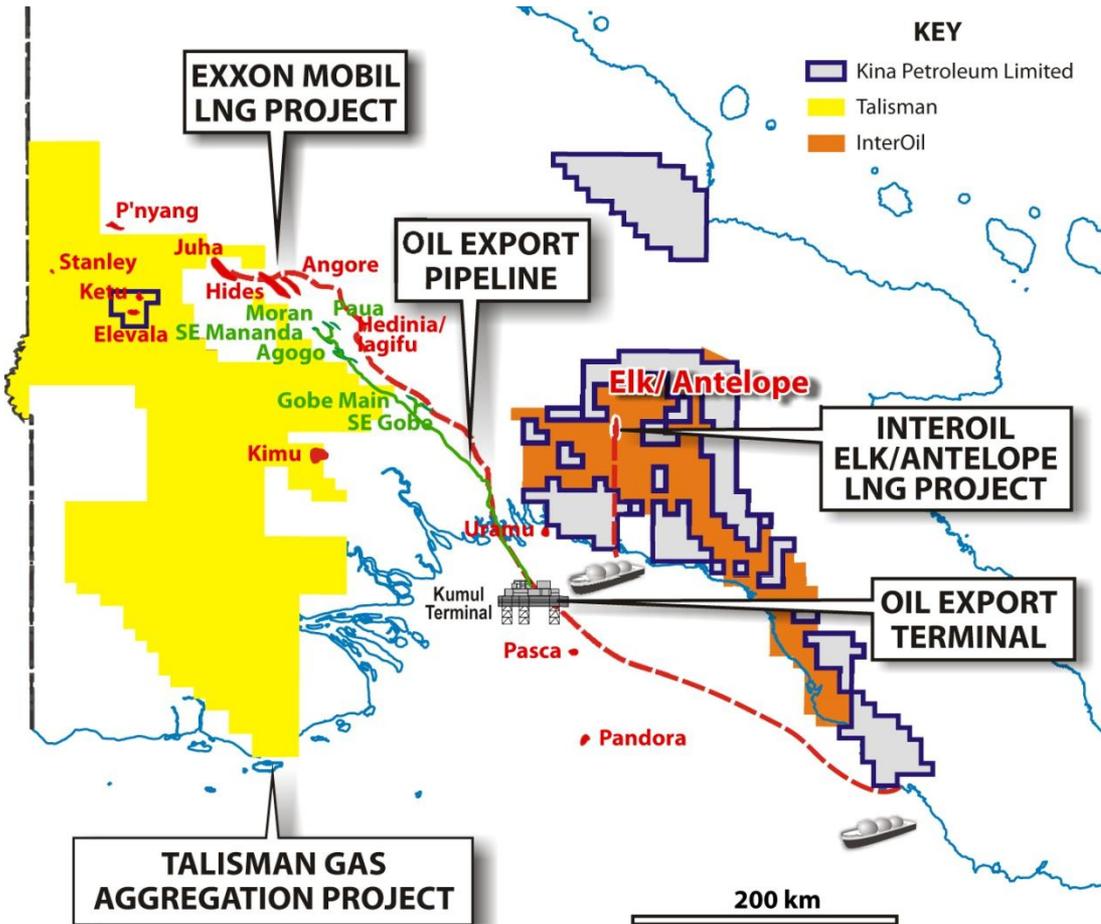


**Gas charged Oroï Anticline close to PPL 340 boundary**



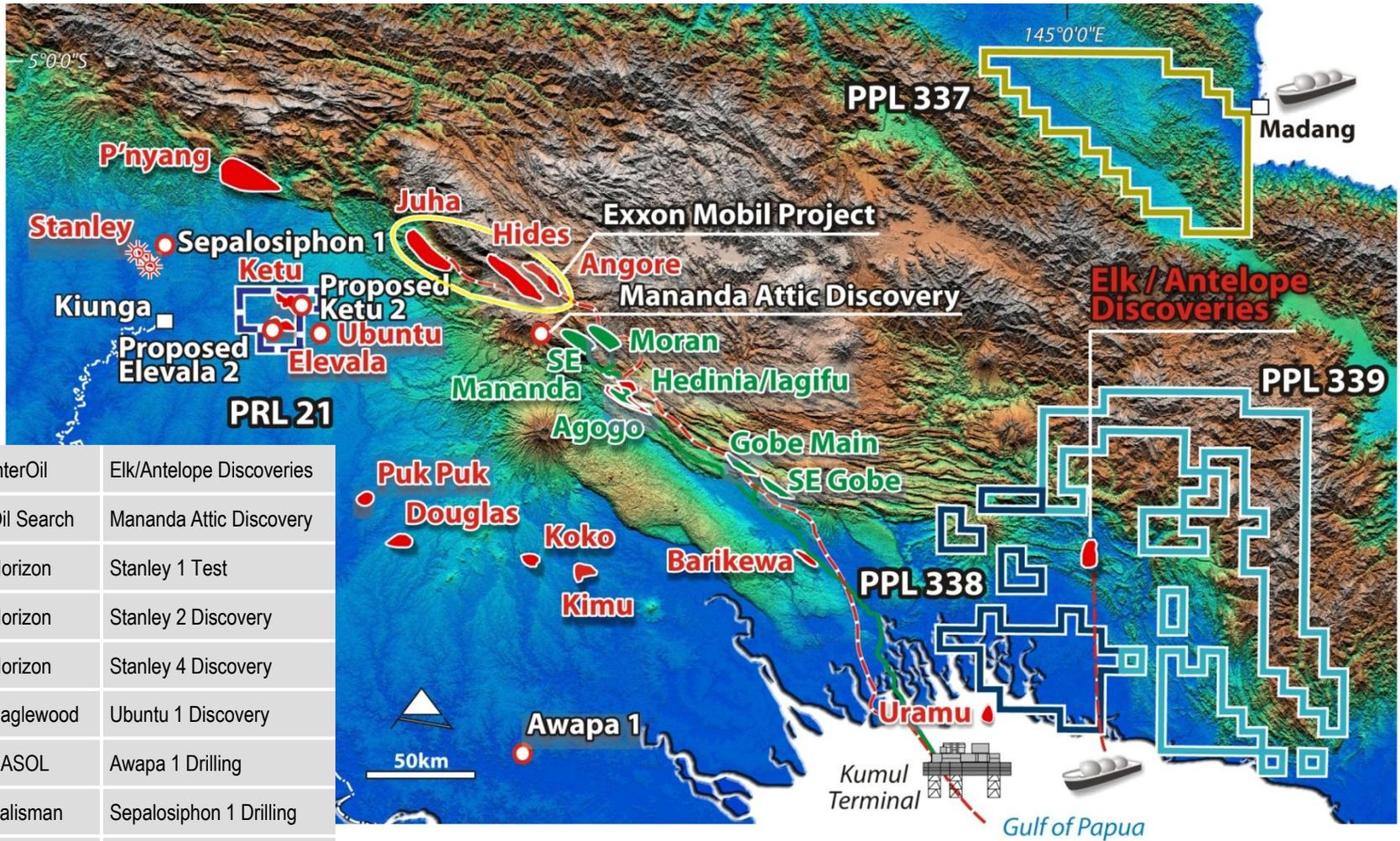
**PPL 340 coastal terrain good for seismic easy access**

- PNG economy is experiencing rapid growth and strong economic performance
- PNG is a world class petroleum province - with proven and active hydrocarbon systems
- PNG gas production is in its infancy with full scale development being promoted by significant developments which will make PNG a global LNG producer by 2015
- PNG has favourable fiscal terms, particularly for oil and gas projects and demonstrated government support for the industry
  - ExxonMobil Project
  - InterOil Elk-Antelope Project
  - Talisman Aggregation Project (+ gas liquids)
- Strategic location in middle of Asia Pacific basin and on doorstep of potential Asian export markets



Crude Oil Price - WTI  
Average US\$/BBL





2006-2010	InterOil	Elk/Antelope Discoveries
2010-2011	Oil Search	Mananda Attic Discovery
2010	Horizon	Stanley 1 Test
2010-2011	Horizon	Stanley 2 Discovery
2011	Horizon	Stanley 4 Discovery
2011	Eaglewood	Ubuntu 1 Discovery
2011	SASOL	Awapa 1 Drilling
2011	Talisman	Sepalosiphon 1 Drilling
2011	Horizon	Elevala 2
2011	Horizon	Ketu 2

COMPANY	SHARES (M)	PRICE	MARKET CAP (M) (AUD)	PROPERTIES	AREA UNDER LICENCE (KM <sup>2</sup> )
<b>Oil Search Ltd</b> ASX:OSH	1,325	5.81	7,699	29% of \$15B LNG venture with Exxon, Santos, Nippon Oil and MRDC	~20,600
<b>InterOil Corporation</b> NYSE:IOC	48	46.89	2,250	PPL's: 236, 237, 238, 244	~15,783
<b>New Guinea Ltd.</b> ASX:NGE	847	0.057	48	PPL's: 265, 266, 267, 268, 277 50% 268 & 269	~52,000
<b>Horizon Oil Ltd.</b> ASX:HZN	1,130	0.20	226	PRL4 (50%), PRL21 (45%)	1,053
<b>Eaglewood Energy</b> TSX-V:EWD	87	0.18	16	PPL's: 257, 258, 259, 260	~27,923
<b>Santos Ltd</b> ASX:STO	890	12.07	10,738	13.5% of \$15B LNG venture with Exxon, Santos, Nippon Oil and MRDC. PDL's: 1,3 PPL's: 5, 9	~17,500
<b>Talisman Energy Inc</b> TSX:TLM	1,029	13.60	13,940	Participating interests in 12 blocks covering in excess of 8 million net acres	~32,374
<b>LNG Energy Ltd</b> TSX-V:LNG	258	0.195	50	PPL's: 319, 320, 321, 322 PRL: 13	~22,178
<b>Beach Energy</b> ASX:BPT	1,108	1.105	1,108	6.36% Interest in PRL 1	~17,500
<b>Exxon Mobil</b> NYSE:XOM	4,926	78.71	382,700	33% of \$15B LNG Venture with Exxon, Santos, Nippon Oil and MRDC	

\*Prices as at COB 20/10/2011

**STRONG PNG/INTERNATIONAL RESOURCE & COMMERCIAL SKILLS****Mr. John Prendiville – *Non Executive Chairman***

- 20 years providing corporate finance advice –
- Macquarie Bank. Head of Macquarie's Global Resources Group for the last 8 years. Currently a Chairman of Macquarie Capital Advisers
- Extensive experience in M&A, IPO's and project development advising corporates both large and small around the world
- BSc (Hons) Royal Military College, Duntroon and MBA

**Dr. Ila Temu – *Non Executive Director***

- Currently Director of Corporate Affairs Australia Pacific for Barrick PNG, Chairman of PNG Ports Corporation, Non Executive Director of Bank South Pacific Limited, President of PNG Chamber of Mines and Petroleum, Director of BSP Bank Port Moresby, Director BSP Capital Port Moresby and Council Member at Divine Word University
- Previous roles include Managing Director at MRDC, GM at Placer Niugini Ltd, Country Manager at Placer Tanzania Ltd and Country Manager at Barrick (PNG) Ltd
- PhD University of California, USA

**Mr. Richard Schroder – *Managing Director***

- Australian and International oil and gas exploration -Conoco in the North Sea in 1975
- 30+ years experience UK and Norwegian sectors of the North Sea, Africa, Indonesia, PNG, NZ and onshore and offshore Australia
- 20 + years experience as operator in PNG
- Managed junior companies & majors such as Santos (Exploration Manager, South East Asia)
- 11 wells in PNG and Papua Province Indonesia,
- 1 commercial oil field, and 3 oil and or gas intersections
- BSc, Geophysics, University of Sydney

**Mr. Barry Tan – *Non Executive Director***

- March 2009 appointed Executive Director
- 35 years commercial experience in PNG
- Chairman of the TST Group of Companies that span property development, supermarket franchises in PNG, Starland Freezer, Tanpac and Kokoda Tailoring
- Strong cultural ties
- Extensive PNG commercial network

## EXTENSIVE PNG & INTERNATIONAL OIL & GAS EXPERIENCE

### **Ian Longley – Consultant Geologist and Technical Adviser**

- 25 + years experience for companies such as Shell Oil, Woodside Energy Ltd, and as a Senior executive of Oil Search Ltd.
- New business development skills eg Woodside's entry into South Korea, South Brecknock Browse Block, Great Australian Bight
- Significant hands on experience in all major hydrocarbon provinces in Australasia, PNG, Indonesia, Malaysia, India and Vietnam.
- Recognised world expert on the Petroleum Geology of Australasia
- Currently a senior lecturer for the industry based Petroleum Geology of SE Asia training course.

### **Mr. John Chan – PNG Operations and Community Affairs Manager**

- 30+ years commercial experience in PNG
- Joined Kina Petroleum in Jan 2009
- Great understanding of the PNG culture, people & Government
- Responsible for local matters.

### **Mr. Shane Hartwig – Company Secretary matters Australia**

- 14+ years in Aust and International finance industry
  - Debt and equity capital markets, IPOs, capital raisings
  - Prospectus and information memorandum preparation
  - Project management, company assessments and due diligence reviews, M&A and general corporate advice.
- Certified Practicing Accountant and Chartered Company Secretary
- Bachelor of Business degree, (Accounting and Taxation) from Curtin University of Technology in Western Australia.

### **Mr. Stanley Pono – PNG Geophysicist/Geological Consultant**

- 20 + years experience as Petroleum Geoscientist with Schlumberger, Geco-Prakla (PNG and Tunisia) & Govt culminating as acting Director-Petroleum Division, 2002 to 2004.
- Managed and implemented the World Bank Project Loan
- Consulted to Fugro Multi Client Services assisting the PNG DPE on the first petroleum licensing round project – focus Gulf of Papua
- Country Manager Chinampa Exploration, (Fugro Holdings -Australia).
- Country Manager Searcher Seismic & Ivy Exploration Pty Ltd.
- BSc & DipEd UPNG, PETRAD diploma (Management of Petroleum Development and Operations), & MSc (Energy Studies) University of Dundee.

### **Mr. Lee Freeman – Chief Financial Officer**

- 25+years financial experience in the oil & gas industry
- Experience includes Oil Company of Australia, LASMO, Command Petroleum & Santos (Finance Manager – South East Asia Business Unit)
- Consultant to Oil & Gas companies in Accounting & commercial aspects of PNG & Indonesia.
- Bachelor of Business Degree university of Western Sydney

## CAPITAL STRUCTURE

Fully Paid Ordinary Shares	Number Minimum Subscription	% Based on Minimum Subscription	Number Maximum Subscription	Price (A\$) per share	A\$ Raised (M)	Equity Value(A\$) (M) Max Sub.	% Based on Maximum Subscription
Existing Shareholders	111,665,801	71.3	111,665,801	0.20		22.3M	64.1
Shares now offered	45,000,000	28.7	62,500,000	0.20	12.5M	12.5M	35.9
Total Shares on Issue at completion	156,665,801	100.0	174,165,801	0.20		34.8M	100.0
<b>IPO Options</b>							
IPO Options now offered*	15,000,000		20,833,333				

\*Each option will have an Exercise Price of \$0.20 and an expiry date of 12 months from the date of issue.

## Director Options

Mr. John Prendiville	9,750,000	Ex Price: \$0.20, Expiry date Oct 2013
Mr. Richard Schroder	5,000,000	Ex Price: \$0.20, Expiry date Dec 2013
Dr. Ila Temu	500,000	Ex Price: \$0.20, Expiry date Dec 2013

\* All Director options are subject to company imposed vesting conditions

## PURPOSE

- Fund initial 2 year work program & budget for Kina's existing projects;
- Fund new venture review of additional oil & gas assets in PNG and surrounding region;
- Fund administration, promotion & development of Kina; and
- Fund costs associated with offer and working capital

APPLICATION	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Field work	A\$0.6M	A\$0.6M
Seismic	A\$1.12M	A\$1.12M
Drilling	A\$5.25M	A\$8.48M
Working Capital	A\$1.5M	A\$1.5M
Cost of Offer	A\$0.53M	A\$0.8M
<b>TOTAL</b>	<b>A\$9.0M</b>	<b>A\$12.5M</b>





# APPENDIX

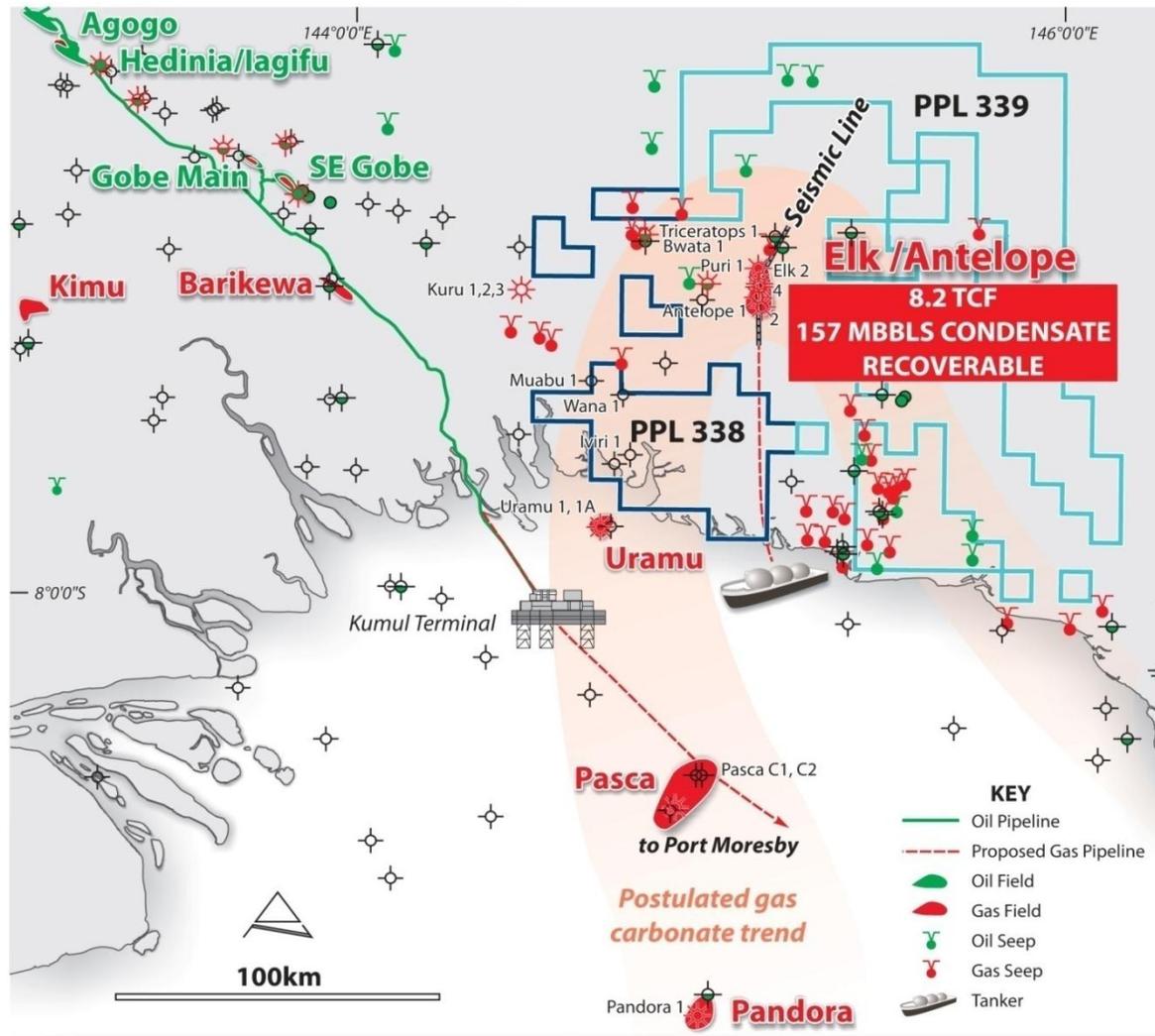


**Table 1 : Kina Petroleum Licence Details**

Licence Number	Graticular Blocks	Expiry Date	Ownership Interest (%)	Area (sq km)	Minimum Annual Exploration (Company Share) (USD)
PRL 21	9	21/03/2016	20	729	\$9,300,000** (over two years)
PPL 337	68	02/09/2015	100	5,508	\$100,000*
PPL 338	39	02/09/2015	100	3,159	\$100,000*
PPL 339	99	02/09/2015	100	8,019	\$100,000*
PPL 340	52	02/09/2015	100	4,212	\$100,000*
<b>Total</b>	<b>267</b>			<b>21,627</b>	

\*The minimal annual exploration obligations of the licences for years 1 and 2 of the licences

\*\*The actual development budget is still being completed but likely to require Kina to contribute a minimum of approximately USD\$11M over the next two years



Improving seismic data quality and building PNG reserve base

- There is no guarantee of:
  - exploration success from, or profitable development of, the Company's assets;
  - OSH funded seismic data in PPLs 338 & 339 yielding prospects;
  - OSH exercising its right to complete the drilling of two wells in PPLs 338 & 339; or
  - appraisal wells in PRL 21 yielding a commercial development .
- Oil and gas exploration, development & production are complicated high risk, expensive ventures & technical difficulties can lead to budget overruns requiring participants to make additional cash available in short timeframes.
- If unable to raise funds as and when required, Company may have to reduce the scope of its operations; or scale back its exploration programs.
- PRLs & PPLs are subject to respectively 5 & 6 year renewal with no guarantees of extension. New conditions can be imposed upon extension of a PRL or PPL.
- Forex & oil & gas price movements may adversely affect the Company's financial position, operating results and share price.
- Exploration & oil & gas production operations are exposed to counter party risk through joint venture partners, suppliers and customers.
- The Company has a limited operating history.

## Disclaimer

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## Competent Person Statement

The technical information contained in this presentation is based on information compiled by Mr Richard Schroder (Managing Director) Mr Schroder has more than 30 years experience within the industry and consent to the information in the form and content in which it appears.



# Kina

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