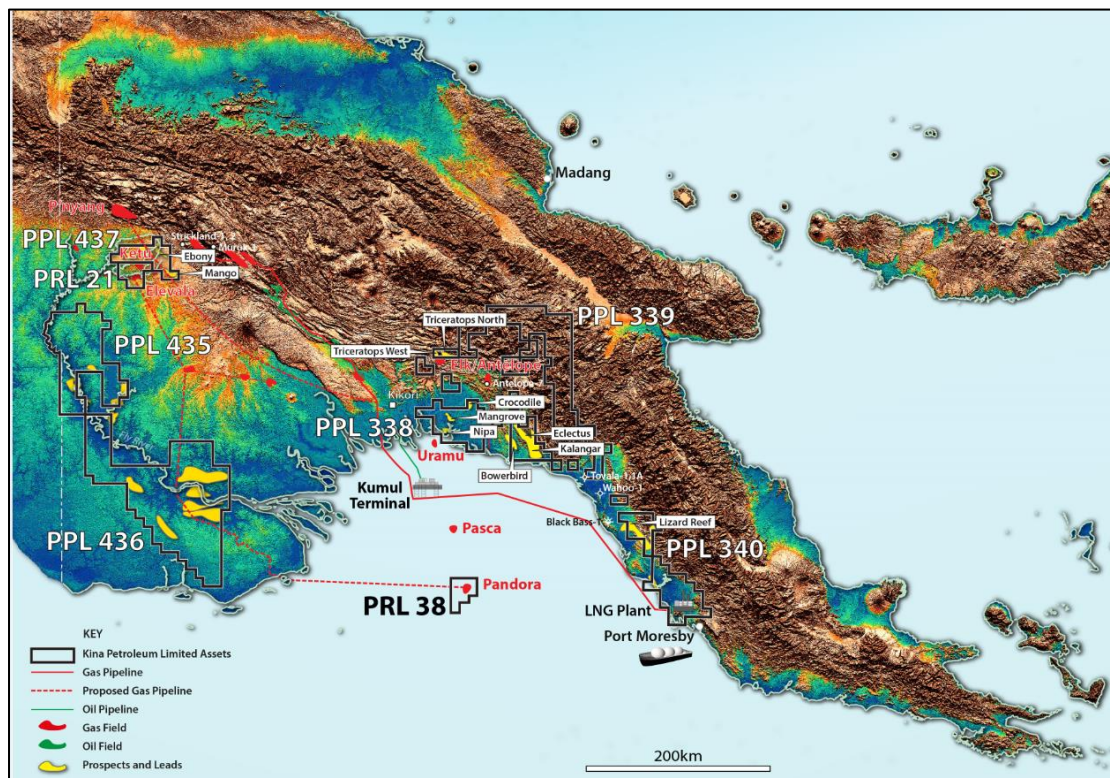




**KINA PETROLEUM LIMITED
 ANNUAL GENERAL MEETING – 16 DECEMBER 2016
 Address by CEO, Mr Richard Schroder**

Kina’s Portfolio of Assets

Kina’s assets straddle the stable platform of the Western Papuan Basin the rifted basin margin of the eastern Papuan Basin & the Tertiary mobile zone extending further east to Port Moresby.



Setting the Scene – Discovered Resources

Kina's business and commercial priority is monetization of the discovered resources in PRLs 21 and 38. Infrastructure investment announcements by Kumul Petroleum Holdings Limited in Western Province and proposed drilling activity in May 2017 by Twinza Oil Limited at Pasca will positively impact on the future commercialisation of both assets.

Kumul's proposed pipeline from Western Province to the east clearly demonstrates the State's intent to move forward with the commercialisation of the discovered Western Province gas resources in some form of aggregated project and PPL 21 discoveries at Elevala and Ketu will form a material component of any such project. Furthermore, the establishment of a Joint Working Team between operators of the Stanley development in PDL 10 and the PRL 21 Joint Venture will foster progress towards an aggregated development to commercialise gas resources in Western Province.

Kina's other discovered gas asset is a 25% equity in PRL 38 which lies to the south of Twinza's Pasca A gas discovery in the Gulf of Papua.

At the recent PNG Mining and Petroleum Investment Conference held in early December in Sydney, Twinza confirmed their intent to drill a well on Pasca A in mid-2017 to further appraise the Pasca gas discovery in advance of moving forward with its plans to commercialise the field. Development of Pasca will have direct impact on commercialisation plans for Pandora, possibly via an (offshore) aggregated Gulf of PNG Midsize LNG project.

Industry Outlook

The improvement in oil price over 2016 together with recently announced cuts to production by both OPEC and Non-OPEC producers will provide the industry greater confidence to advance development of discovered assets in PNG. This sentiment was reinforced by recent statements by ExxonMobil that its PNG LNG Project is one of the most cost effective LNG projects globally with production well in advance of forecast, an LNG cargo leaving every 3 days, and the project being in the lowest cost quartile globally. Furthermore PNG has not exhibited the cost overrun and access issues so clearly bedeviling development of onshore gas assets in the east coast of Australia, with PNG remaining one of the most fiscally attractive hydrocarbon investment destinations in the world.

Ironically these days gas is king in PNG and all industry participants are focussed on delivery of gas into the next LNG project. However, as PNG liquids production declines the PNG Government is looking to create incentives for the industry to examine ways of developing oil and or condensate discoveries, and is considering dropping the tax levied on liquids to the 30% rate applicable to gas projects. This has little impact on PRL 38 but it is very significant for PRL 21 where the gas to liquids ratio is upwards of 60 barrels per million cubic feet. Kina recognised the value of the liquids resource in PRL 21 when it made application for the asset in 2011 and remains committed to early commercialisation of the liquids resource in PRL 21.

Our Growth Assets

As shareholders are aware, we have been renegotiating the terms of extension of our considerable growth assets in the eastern Papuan Basin in PPLs 338, 339 and 340. Those negotiations are well advanced and their conclusion is a primary focus.

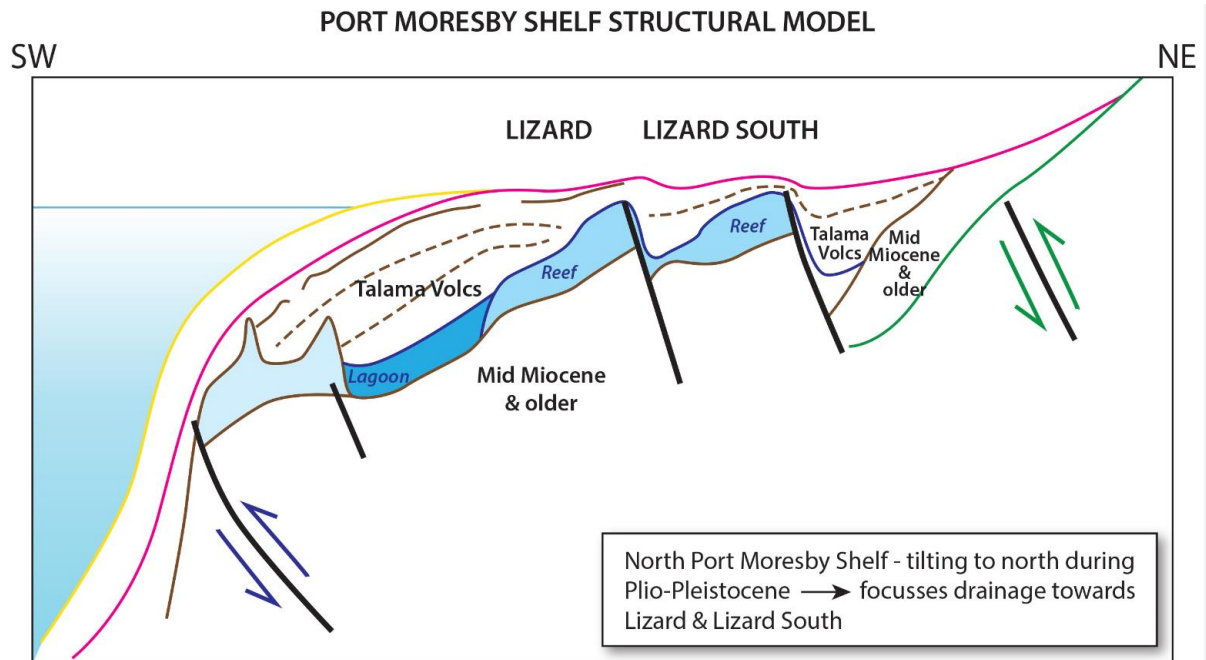
In the meantime, during the downturn that we have experienced over the last 2 years, Kina has reprocessed all the vintage seismic data available to us and integrated the interpretation of our geophysical and geological data base to build a credible structural model which explains the distribution of Antelope-like middle Miocene reefs within our acreage. This has involved a detailed study of open file data over Elk-Antelope and neighbouring PPLs as well as our own data from PPLs 338, 339 and 340.

Outcrop and well data confirm PPL 338, 339 and 340 are well located with respect of the East Papuan Carbonate Play. The integrated interpretation has helped explain the structural architecture of our licences and surface and subsurface variations we observe from our data set. Variations in the timing of structuring through the Tertiary of the Eastern Australian margin in PNG and the mobile zone have fostered middle Miocene, late Miocene and early Pliocene reef growth. Detailed analysis of outcrop and subsurface control has helped Kina to develop a platform edge model along which faults that developed in the middle Miocene, antithetic to the paleo-Australian and Owen Stanley rifted margin which have the potential to host reef development.

Exploiting Potential in the East and the Forelands

In December Kina announced at the PNG Mining and Petroleum Investment Conference that we will look to conduct a farmout programme which will focus on our Eastern Papuan Basin prospects which are an extension of the Pasca, Pandora and Elk/Antelope carbonate play, commencing in the east in PPL 340.

PPL 340 has not only been high graded by Kina's extensive work program which has included extensive field mapping and airborne gravity and magnetic surveys but also by the size of the reef that could be developed at Lizard located only 100km from Port Moresby and the PNG LNG export infrastructure.



The Lizard Prospect has been selected not only because of its very large size and its proximity to thermogenic hydrocarbons reported out of Wahoo 1 and Tovala 1 but just as importantly because of its ease of access from Port Moresby. Kina believes that as an industry we must demonstrate a lower cost structure which will be sustainable in the US\$45-US\$65/bbl oil environment within which we now find ourselves.

Kina believes a 190km seismic program is required to confirm a drilling location at Lizard and that the proximity of the proposed survey area to Port Moresby will allow Kina to cost effectively trial a boutique seismic crew which has the potential to bring seismic acquisition costs down to US\$15-20,000/km a significant reduction from the US\$60-70,000/km required in PPL 437 in 2014 and the US\$300,000+/km in some of the foldbelt operations north of PPL 437.

Total cost for the Lizard program is budgeted at US\$3m and once farmed out is planned to be acquired in the 2017 dry season. Successful trialling of the boutique seismic approach will see application of the technology to programs in PPLs 338 and 339, both of which will form part of our farm out effort timed to follow PPL 340.

Drilling - PPL 339

Towards the end of 2017 and independent of the operations in PPLs 338 and 340, commencement of drilling operations in the Oil Search operated PPL 339 is anticipated. This will be on the Kalangar prospect.

The Kalangar reef is another middle Miocene prospect and similar to Lizard in that it also appears to have grown on a fault which was antithetic in nature but antithetic to the paleo-Australian margin not the Owen Stanley rifted margin. Kina has developed a structural architecture that supports the potential for reef development at Kalangar and the prospect is constrained by gravity-gradiometry data and 2 vintages of modern seismic data.

The gravity gradiometry data is supportive of presence of an Antelope type reef at Kalangar but the seismic data is complicated by the overprint of Plio-Pleistocene thrusting which increases uncertainty and risk on the Kalangar Prospect. For this reason and because of the capital constrained environment in which we find ourselves Kina intends farming out the bulk of its cost exposure in Kalangar planning retain 15% in the well.

The importance of gravity-gradiometry data in helping to constrain the area of potential reef developments in the Eastern Papuan Basin is accepted by most operators. Much of PPL 339 and northern PPL 338 has existing coverage as does neighbouring PPLs 475 & 476 and PRL 15.

Future Field Operations – Forelands

As soon as PPL 338 Extension is confirmed by the Regulator Kina intends acquiring gravity-gradiometry coverage of PPL 338 over Crocodile, Mangrove and Nipa delivering blanket continuous gravity-gradiometry control from Triceratops and Antelope in the north to Uramu in the south. The survey area is in an area of flat terrain and will not require helicopter support. Costs are expected to be of the order of US\$500,000-US\$600,000 and will form part of Kina's farm out effort in the Eastern Papuan Basin.

PPL 338 hosts 5 significant Antelope-like prospects: Triceratops North, Triceratops West, Crocodile, Mangrove and Nipa. The prospects are more like Antelope because they are located on the Australian margin and not in the mobile zone described previously. Antelope and the Triceratops prospects have been uplifted by the Plio-Pleistocene thrusting event experienced at Kalangar while Crocodile, Mangrove and Nipa are on the structured foreland caused by that thrusting.

Antelope and Uramu confirm massive early and mid Miocene reef development has occurred on the Australian margin edge and the key to success is using seismic and well control to high-grade the sweet-spots for testing the zones of reef development. Kina believes the gravity-gradiometry data will highlight the areas for detailed seismic follow up and the character of the recently reprocessed seismic data gives us confidence that the seismic data can be used to help constrain zones of reef development.

The Gravity-gradiometry and seismic program will form part of Kina's farmout program.

Future Field Operations - Western Province

The seismic technology developed in the east will move to western Province in 2018 where the first program will focus on the Ebony and Mango Prospects in PPL 437.

Ebony is on the leading edge of a down to the basin fault on the old Australian rifted margin. Ebony is a Ketu look-a-like and will have multiple late Jurassic and early Cretaceous reservoir targets. South of Ebony, Kina has high-graded the Mango Prospect which has a fault style similar to Elevela, having developed on a fault antithetic to the North Ketu fault. Both Ebony and

Mango overlies the source rock kitchen that has charged P'nyang in the north and Elevela/Ketu to the south. Both lie on migration pathways that charge the P'nyang and Elevela fields and both prospects underlie future pipeline infrastructure being proposed by Kumul Petroleum and ExxonMobil. The proposed Ebony-Mango seismic program of 150km will form part of Kina's farmout effort and will benefit from operational experience gained in the east.

Further to the south in PPLs 435 and 436, Kina has completed airborne gravity and magnetic surveys and reprocessed all legacy seismic data. The geophysical data set confirms a series of large antithetic faults with a strike direction parallel to the Fly River creating large closures along the southern margin of the Southern Papuan Basin. The reprocessed seismic data confirm multiple stacked reservoir targets within the trapped closures ranging from mid and early Cretaceous to late and mid Jurassic age. Good source rocks are present based on well and seismic control and the structures in PPL 436 represent some of the largest undrilled structures in PNG. Seismic programs are yet to be defined but seismic acquisition is planned to occur in 2018 after acquisition in PPL 437.

Reservoir targets in PPLs 340, southern PPL 338, PPL 435 and 436 are at a depth of 2000m or shallower. These depths are within the range of the EDA Rig used in PPL 337 and once we enter the drilling phase Kina believes the future drilling program in our eastern and south western areas will benefit from experiences gained in 2015 with much cheaper drilling costs which is consistent with our philosophy of reducing operational costs in this sustained period of lower oil prices.