



ASX ANNOUNCEMENT (ASX: KPL) 15 February 2019

Scheme of Arrangement to Re-domicile Kina Petroleum to British Virgin Islands

Kina Petroleum Limited (“Kina” or “the Company”) hereby advises of its decision to propose to shareholders a scheme of arrangement (“the Scheme”) to re-domicile the Company to the British Virgin Islands (“BVI”).

Following unanimous agreement of the directors, Kina has today entered into a scheme implementation agreement with Kina Petroleum Corporation (“KPC”), a new holding company incorporated in the BVI. KPC is a newly incorporated company that has been established for the sole purpose of acquiring Kina pursuant to the scheme of arrangement. Under the Scheme, if approved by shareholders, regulators and the courts of Papua New Guinea, KPC will acquire all the ordinary shares in Kina and eligible Kina shareholders¹ will receive one share in KPC for every thirty Kina shares held (i.e., a 30:1 share consolidation). KPC will apply to be listed on the ASX and POMSoX and Kina will be contemporaneously de-listed from those same two exchanges.

The Scheme will not result in any change to the Kina’s operations or the licence interests currently held, and the directors of Kina and KPC are the same.

Subject to regulatory and court approval, the anticipated timing of key events in the scheme implementation process is as follows:

- **Mid - February 2019** – dispatch of the Scheme booklet to shareholders;
- **2nd half of March 2019** – shareholders meeting to approve scheme;
- **Early April 2019** – Approval of Scheme by PNG Courts
 - Kina shares cease trading
 - KPC is listed on ASX and POMSoX, and shares begin trading on a deferred settlement basis
- **Mid - April 2019** - Kina is de-listed from ASX and POMSoX
 - scheme is implemented
 - KPC shares begin trading normally on ASX and POMSoX

1. Only Kina shareholders resident in Australia, PNG, Singapore, New Zealand, Hong Kong, the USA and the UK will be eligible to participate in the scheme.

The scheme booklet will outline further details of the Scheme and will include an independent expert's report.

The Board believes that the Scheme is in Kina shareholders' best interests and unanimously recommends that shareholders vote in favour of the resolution to approve the scheme.

Kina will, in coming days, apply to the PNG courts for approval to send the scheme booklet and other documentation to shareholders, and also for approval to hold a meeting of shareholders to consider the Scheme.

Kina will keep the market apprised of the Scheme's progress.

Kina's Managing Director, Richard Schroder, commented:

"The scheme of arrangement is the first step in re-positioning Kina to take advantage of an expected increase in investor appeal offered by a BVI domicile compared to its current PNG domicile.

The Board has undertaken a comprehensive review of the Company's asset portfolio and its position in PNG and is of the view that future capital requirements will need to be met by fundraising in capital markets with greater depth and a more favourable disposition towards exploration and pre-development operations in PNG than are currently available to the Company.

As a precursor to entry into and success in those capital markets, particularly in respect of funding for future development activity in the PRL 21 licence, the proposed redomicile to the BVI via the Scheme will help ensure that we have a corporate framework appropriate to our future needs and the appetite of investors in the capital markets we expect to target.

We believe investment in Kina Petroleum Corporation, as a BVI entity, will consequently offer shareholders greater ability to capitalize on the potential offered by the Company's asset base and I, along with the rest of the Board, recommend the scheme of arrangement to our shareholders."

**For inquiries please contact:
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Scheme Implementation Agreement

Kina Petroleum Limited

PNG Company Number: 1-63551

and

Kina Petroleum Corporation

BVI Company Number: 1892389

Redomicile Scheme of Arrangement of Kina
Petroleum Limited
15 February 2019

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SCHEME IMPLEMENTATION AGREEMENT

BETWEEN:

- (1) **Kina Petroleum Limited** (ARBN: 151 201 704 and PNG Company Number 1-63551) whose registered office is at Level 10, MRDC Haus, Cnr of Champion Pde and Musgrave St Port Moresby, NCD Papua New Guinea (**KPL**); and
- (2) **Kina Petroleum Corporation** (BVI Company Number: 1892389) who registered office is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, VG1110, Virgin Islands, British (**Kina BVI**).

RECITALS

- (A) KPL and its directors propose that KPL become a wholly owned subsidiary of Kina BVI (**Restructure**).
- (B) The Restructure is proposed to be effected through the acquisition of KPL by Kina BVI pursuant to a scheme of arrangement.
- (C) Subject to the satisfaction of the conditions precedent set out in this document, KPL will propose a scheme of arrangement under Part XVI of the PNG Companies Act between KPL and the KPL Shareholders pursuant to which Kina BVI will acquire all of the issued shares of KPL as set out in this document (**Scheme**).
- (D) KPL and Kina BVI have agreed to implement the Scheme upon the terms and conditions of this document.
- (E) This document constitutes binding, enforceable legal obligations.

THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document.

Agreed Announcement means the announcement in the terms set out in clause 8.1 or in other terms agreed to by both parties.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532) as the holder of a licence to operate a clearing and settlement facility.

ASX Settlement Operating Rules means the operating rules of the clearing and settlement facility operated by ASX Settlement from time to time as modified by any express written waiver or exemption given by ASX or ASX Settlement.

Australian Corporations Act means the *Corporations Act 2001* (Cth) as modified by any relevant exemption or declaration by ASIC.

Business Day means a day (other than Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, Port Moresby and the BVI.

Competing Proposal means any expression of interest, proposal, offer, transaction or arrangement which, if either entered into or completed, would result:

- (a) in a third party (other than as nominee, custodian or bare trustee) acquiring an interest of 50% or more of the shares in KPL, acquiring a direct or indirect economic interest in all or a substantial part of the assets or business of KPL, acquiring control (within the meaning of section 50AA of the Australian Corporations Act) of KPL, or acquiring or assuming or otherwise holding a significant beneficial, economic or other interest in KPL or a substantial part of KPL's business or assets, by whatever means; or
- (b) in KPL being required to abandon or otherwise not proceed with the Scheme, by whatever means.

Condition Precedent means a condition precedent to the Scheme, being a condition precedent set out in clause 5.1.

Court means the National Court of Justice of Papua New Guinea, or any other court of competent jurisdiction under the PNG Companies Act.

Deed Poll means a deed poll to be executed by Kina BVI in the form agreed between the parties under which Kina BVI agrees to procure the provision of the Scheme Consideration to the Scheme Participants and to do all things necessary or expedient on its part to implement the Scheme.

Effective when used in relation to the Scheme, means the coming into effect, pursuant to section 250 of the PNG Companies Act, of the orders of the Court under section 250(1) of the PNG Companies Act approving the Scheme.

Effective Date means the date on which the orders of the Court under section 250(1) of the PNG Companies Act approving the Scheme come into effect in accordance with section 250(3) of the PNG Companies Act.

First Court Date means the first day of the First Court Hearing or, if the First Court Hearing is adjourned for any reason, means the first day of the adjourned First Court Hearing.

First Court Hearing means the hearing of the application by KPL for orders pursuant to section 250 of the PNG Companies Act including for the convening of the Shareholders' Meeting.

Governmental Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or similar entity or organisation, or securities exchange.

Implementation Date means the date that is 5 Business Days after the Record Date, or such other date as Kina BVI and KPL may agree in writing or required by a Governmental Agency.

Independent Expert means an independent expert to be engaged by KPL in accordance with the PNG Companies Act to opine on whether the Scheme is in the best interests of KPL Shareholders.

Independent Expert's Report means the report prepared by the Independent Expert for inclusion in the Scheme Booklet in accordance with the PNG Companies Act and the orders of the Court at the First Court Hearing.

Ineligible KPL Shareholder means a Scheme Participant whose address as shown in KPL's members' register is located outside PNG, Australia and its external territories, Hong Kong, New Zealand, UK and the United States of America and any other jurisdictions as may be agreed in writing by KPL and Kina BVI, unless Kina BVI is satisfied, before the Record Date and without being obliged to conduct any investigations into the matter, that such Shareholders lawfully can be issued Kina BVI Shares pursuant to the Scheme.

Kina BVI Board means the Board of Directors of Kina BVI.

Kina BVI Consideration Shares means the new Kina BVI Consideration Shares to be issued under the terms of the Scheme as Scheme Consideration.

Kina BVI Disclosed Information means all information provided on or prior to the date of this agreement by Kina BVI and its representatives to KPL and its representatives in connection with the Scheme or which relates to Kina BVI's past, present or future operations, affairs, business or strategic plans.

Kina BVI Provided Information means all information regarding Kina BVI and the Kina BVI Consideration Shares to enable the Scheme Booklet to be prepared, which for the avoidance of doubt will be the level of disclosure required if the issue of the Kina BVI Consideration Shares under the Scheme were a public offering of securities under the PNG Capital Market Act.

Kina BVI Share means a fully paid ordinary share in the capital of Kina BVI.

KPL Board means the Board of Directors of KPL.

KPL Control Transaction means any expression of interest, proposal, offer, transaction or arrangement by or with any person which, if either entered into or completed, would result in a third party acquiring an interest of 50% or more of the shares in KPL, acquiring a direct or indirect economic interest in all or a substantial part of the assets or business of KPL, acquiring control (within the meaning of section 50AA of the Australian Corporations Act) of KPL, or acquiring or assuming or otherwise holding a significant beneficial, economic or other interest in KPL or a substantial part of KPL's business or assets, by whatever means.

KPL Disclosed Information means all information provided by KPL and its representatives to Kina BVI and its representatives in connection with the Scheme or which relates to the past, present or future operations, affairs, business or strategic plans of the KPL Group.

KPL Group means KPL and its subsidiaries.

KPL Provided Information means all information included in the Scheme Booklet prepared by or on behalf of KPL other than the Kina BVI Provided Information and the Independent Expert's Report.

KPL Share means a fully paid ordinary share in the capital of KPL.

KPL Shareholder means a person who is registered as a holder of KPL Shares.

Law means all laws, statutes, regulations, statutory rules, orders, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority.

Material Contract means any agreement or commitment between any one or more KPL Group members and any one more other persons, or any lease, licence, permit or approval in relation to a project or tenement, which:

- (a) has a term of one year or more; or
- (b) contemplates, during its entire term, payments of A\$5 million or more in aggregate.

PNG means Papua New Guinea.

PNG Capital Market Act means the *Capital Market Act 2015* of PNG.

PNG Companies Act means the *Companies Act 1997* of PNG.

PNG Registrar of Companies means the Registrar of Companies appointed under section 394(1) of the PNG Companies Act.

PNG Securities Commission means the Securities Commission of Papua New Guinea.

PNG Securities Commission Act means the *Securities Commission Act 2015* of PNG.

POMSoX means Port Moresby Stock Exchange Limited or, as the context requires, the financial market operated by it.

Record Date means 7.00pm on the date that is 2 Business Days after the date on which the Scheme becomes effective.

Regulatory Approval means any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Governmental Agency or anything that would be fully or partly prohibited or restricted by law if a Governmental Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

Sale Agent means a person appointed by Kina BVI to sell the Scheme Consideration referable to the Ineligible KPL Shareholders in accordance with clause 4.2.

Scheme has the meaning given in Recital C.

Scheme Booklet means the explanatory memorandum to be prepared in accordance with the PNG Companies Act and the orders of the Court at the First Court Hearing in relation to the Scheme, which annexes the Independent Expert's Report, the scheme of arrangement by KPL, the deed poll by Kina BVI and the Notice of Meeting and Proxy Form as required by the Court.

Scheme Consideration means 1 Kina BVI Consideration Share for every 30 KPL Shares.

Scheme Participant means each KPL Shareholder as at the Record Date.

Second Court Date means the first day of the Second Court Hearing or, if the Second Court Hearing of such application is adjourned for any reason, means the first day of the adjourned Second Court Hearing.

Second Court Hearing means the hearing of the application by KPL for orders pursuant to section 250(1) of the Companies Act including for the approval of the Scheme.

Shareholders' Meeting means the meeting of KPL Shareholders convened by Court order under the PNG Companies Act at which KPL Shareholders are to consider whether to approve the Scheme, including any adjournment of that meeting.

Superior Proposal means a bona fide Competing Proposal that the KPL Board considers to be more favourable to the KPL Shareholders than the Scheme taking into account its fiduciary and statutory duties and based on a qualitative assessment of the identity, reputation and standing of the party making the Competing Proposal.

Timetable means the indicative timetable for the Scheme set out in schedule 1 to this document, as varied by agreement between the parties.

1.2 **Rules for interpreting this document**

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) Words and phrases which are defined by the PNG Corporations Act have the same meaning in this document.
- (b) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this document or to any other document or agreement includes a successor in title, permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (c) A singular word includes the plural, and vice versa.
- (d) A word which suggests one gender includes the other genders.
- (e) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (f) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (g) A reference to time is to the time in Port Moresby, PNG.
- (h) The expression **this document** includes the agreement recorded in this document.

2. **AGREEMENT TO PROPOSE SCHEME**

Subject to and upon the terms and conditions of this document, KPL agrees to propose and implement the Scheme in such form as the parties agree in writing under which all of

the KPL Shares held by Scheme Participants will be transferred to Kina BVI (or its nominee) and the Scheme Participants will be entitled to receive the Scheme Consideration.

3. SCHEME STRUCTURE

3.1 Implementation of Scheme

- (a) KPL and Kina BVI will implement the Scheme in the most commercially effective manner possible.
- (b) Subject to clause 2 and to the Scheme becoming Effective, as part of implementation of the Scheme:
 - (i) all existing KPL Shares at the Record Date will be transferred to Kina BVI (or its nominee); and
 - (ii) in exchange, each Scheme Participant will receive the Scheme Consideration.

4. ALLOTMENT AND ISSUE OF KINA BVI CONSIDERATION SHARES

4.1 Allotment and issue of Kina BVI Consideration Shares

Subject to the Scheme becoming Effective, Kina BVI must:

- (a) allot and issue the Kina BVI Consideration Shares to Scheme Participants in accordance with the Scheme on terms such that each Kina BVI Consideration Share will rank equally in all respects with each existing Kina BVI Share;
- (b) do everything reasonably necessary to ensure that the Kina BVI Shares (including the Kina BVI Consideration Shares) are approved for official quotation on ASX and POMSoX and that trading in the Kina BVI Consideration Shares commences by the first Business Day after the Implementation Date; and
- (c) ensure that on issue, each Kina BVI Consideration Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

4.2 Ineligible KPL Shareholders

- (a) Unless Kina BVI is satisfied that the laws of an Ineligible KPL Shareholder's country of residence (as shown in the register of KPL Shareholders) permit the issue of Kina BVI Consideration Shares to the Ineligible KPL Shareholder either unconditionally or after compliance with terms which Kina BVI reasonably regards as acceptable and practical, Kina BVI will not issue any Kina BVI Consideration Shares to Ineligible KPL Shareholders, and instead will issue the Kina BVI Consideration Shares that would otherwise have been issued to the Ineligible KPL Shareholders to the Sale Agent appointed by Kina BVI.
- (b) Kina BVI will procure that the Sale Agent sells those Kina BVI Consideration Shares on-market and remits the proceeds from that sale (after deducting any selling costs and taxes) to Kina BVI. Kina BVI will then remit the proceeds it receives to the Ineligible KPL Shareholders in accordance with their respective entitlements.

The remittance by Kina BVI to each Ineligible KPL Shareholder of the sale proceeds contemplated by clause 4.2(b) is in full and final satisfaction of that Ineligible KPL Shareholder's rights and entitlements to the Scheme Consideration.

4.3 **Fractional entitlements**

- (a) Any fractional entitlement of a Scheme Participant to a part of a Kina BVI Consideration Share of 0.5 or more will be rounded up to the nearest whole number of Kina BVI Consideration Shares.
- (b) Any fractional entitlement of a Scheme Participant to a part of a Kina BVI Consideration Share of 0.5 or less will be rounded down to the nearest whole number of Kina BVI Consideration Shares.
- (c) The Scheme will contain standard provisions under which Kina BVI will have the discretion to deem the holdings of two or more Scheme Participants to be held by one Scheme Participant to prevent any shareholding splitting or division designed to obtain unfair advantage by reference to such rounding.

5. **CONDITIONS PRECEDENT**

5.1 **Conditions Precedent**

The Scheme will not become Effective and Kina BVI will not be required to procure the provision of the Scheme Consideration unless each of the conditions precedent is satisfied or waived:

Conditions for the benefit of Kina BVI and KPL

- (a) before 8.00am on the Second Court Date, all Regulatory Approvals required to implement the Scheme being obtained and not withdrawn;
- (b) ASX and POMSx conditionally approving the listing of Kina BVI and the official quotation of the Kina BVI Shares (including the Kina BVI Consideration Shares) on ASX and POMSx;
- (c) the Independent Expert providing an Independent Expert's Report to KPL that concludes, in the opinion of the Independent Expert, the Scheme is in the best interests of KPL Shareholders;
- (d) the Scheme being approved by the requisite majority of KPL Shareholders in accordance with section 250 of the PNG Companies Act;
- (e) the PNG Securities Commission approving the Scheme pursuant to section 118 of the PNG Capital Market Act, issuing an exemption for the Scheme pursuant to section 39 of the PNG Securities Commission Act or prescribing that section 116(1) of the PNG Capital Market Act does not apply to the Scheme pursuant to section 116(6) of the PNG Capital Market Act;
- (f) the PNG Securities Commission either pursuant to section 39 of the Securities Commission Act exempting Kina BVI from the requirements of sections 128 – 137 (inc.) & section 140 of the PNG Capital Market Act in relation to any offer of Kina BVI Shares made pursuant to the Scheme or pursuant to section 126(1)(b) of the Capital Market Act prescribing that any such offer is an excluded offer;
- (g) the Court approving the Scheme in accordance with section 250 of the PNG Companies Act (subject to any conditions ordered by the Court and approved in writing by the parties);
- (h) no order or legislative restraint, whether permanent or temporary, being issued by any Governmental Agency that restricts or prohibits the implementation of the Scheme;

- (i) to the extent that implementation of the Scheme would require consent or trigger any right of termination or other material right in favour of a person (other than a KPL Group member), or any material liability owed by a KPL Group member, under a Key Material Contract, each required consent, waiver of each such right, and release of each such liability, being obtained (including in favour of Kina BVI on terms no more onerous than those applying to KPL) and not withdrawn (and, where given conditionally, subject to conditions acceptable to KPL and Kina BVI);

Conditions for the benefit of Kina BVI alone

- (j) each representation and warranty of KPL in clause 9 being true and correct in all material respects as at the date of this document and as at 8.00am on the Second Court Date;
- (k) the KPL Board unanimously recommending that KPL shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and in the absence of the Independent Expert finding that the Scheme is not in the best interests of KPL Shareholders, and not withdrawing or varying that recommendation;
- (l) as at 8.00am on the Second Court Date, KPL has not entered into any agreement with a third party in relation to a Superior Proposal that has been announced and recommended by the KPL Board; and

Conditions for the benefit of KPL alone

- (m) each representation and warranty of Kina BVI in clause 9 being true and correct in all material respects as at the date of this document and as at 8.00am on the Second Court Date.

5.2 Benefit of conditions Precedent

- (a) The Conditions Precedent in paragraphs (d), (e) and (f) of clause 5.1 cannot be waived.
- (b) The Conditions Precedent in paragraphs (a), (b), (c), (h) and (i) of clause 5.1 may only be waived by both Kina BVI and KPL giving their written consent.
- (c) The Conditions Precedent in paragraphs (j) to (l) (both inclusive) of clause 5.1 may only be waived by Kina BVI giving its written consent.
- (d) The Condition Precedent in paragraph (m) of clause 5.1 may only be waived by KPL giving its written consent.

5.3 Satisfaction of Conditions Precedent

- (a) Kina BVI and KPL must each use their best endeavours and co-operate with each other to satisfy the Conditions Precedent, to the extent that it is within its control and without providing any significant undertaking or financial consideration or commencing legal proceedings.
- (b) Kina BVI and KPL must promptly update each other with respect to their progress in satisfying the Conditions Precedent.
- (c) If, despite clause 5.3(a), a Condition Precedent is not satisfied, or is unable to be satisfied as at 8.00am two Business Days before the Second Court Date, the parties must consult in good faith to determine whether the Scheme, or any part of it, can be implemented on varied terms or by an alternative means.

5.4 **Regulatory Approvals**

- (a) Each party must promptly apply for all relevant Regulatory Approvals, providing a copy to the other party of all such applications and keeping the other party promptly and reasonably informed of the steps it has taken and of its progress towards obtaining the relevant Regulatory Approval (provided that a party is not obliged to provide the other party with any information which is commercially sensitive or if the provision would breach an obligation of confidence owed to any third party), and must take all steps it is responsible for as part of the approval process for the Scheme, including responding to requests for information at the earliest practicable time.
- (b) Each party must use best endeavours to consult with the other in advance in relation to all material communications with any Governmental Agency relating to any Regulatory Approval and provide the other party with all information reasonably requested in connection with the application for any Regulatory Approval.

6. **IMPLEMENTATION**

6.1 **Parties to co-operate**

Each of Kina BVI and KPL must take all necessary steps, and co-operate with each other, to propose and implement the Scheme and (subject to clause 6.2(j)) give effect to the orders of the Court approving the Scheme, and in accordance with the Timetable (although the Timetable may be shortened with the consent of the parties).

6.2 **Obligations of KPL**

Without limiting clause 6.1, KPL must take the following steps in accordance with the Timetable:

- (a) **(Material Contracts)** review all Material Contracts to identify any consent required to, or any right of termination or other material right in favour of a person (other than a KPL Group member), or any material liability owed by a KPL Group member, that would be triggered on, implementation of the Scheme, use its best endeavours to obtain all such consents, waivers of such rights and releases of such liabilities on conditions (if any) acceptable to Kina BVI, and keep Kina BVI informed of its progress in relation to the preceding;
- (b) **(Scheme Booklet)** prepare the Scheme Booklet (including the form of scheme of arrangement, which is to be approved by Kina BVI) which complies with all applicable regulatory, compliance and content requirements and the orders of the Court at the First Court Hearing (and update the Scheme Booklet for any material developments), and include in the Scheme Booklet the KPL Board's unanimous recommendation pursuant to clause 7.1(a) and each KPL Director's statement pursuant to clause 7.1(b);
- (c) **(KPL Provided Information)** ensure that the KPL Provided Information is not misleading or deceptive in any material respect and does not contain any material omissions, in the form and context in which it appears in the Scheme Booklet, and promptly inform Kina BVI if it becomes aware that the Scheme Booklet contains a statement that is or has become misleading or deceptive in a material respect or contains a material omission;
- (d) **(Independent Expert)** appoint the Independent Expert as soon as practical after the date of this document with instructions to prepare the Independent Expert's Report as soon as reasonably practicable, and include specifically in its terms of

reference to consider whether the Scheme is in the best interests of KPL Shareholders;

- (e) **(Scheme Meeting)** procure a meeting of the KPL Board to consider and, if thought fit, approve the Scheme Booklet;
- (f) **(lodgement of Scheme Booklet)** lodge a copy of the Scheme Booklet with the PNG Securities Commission, PNG Registrar of Companies, ASIC, ASX, POMSoX and any other relevant securities exchange;
- (g) **(court documents)** prepare and lodge with the Court all documents required in the Court proceedings in relation to the Scheme;
- (h) **(apply to the Court)** apply to the Court for orders to convene the Shareholders' Meeting and, subsequently, if the resolutions submitted to the Shareholders' Meeting in relation to approval of the Scheme are passed by the majority required by the Court, to approve the Scheme;
- (i) **(Court orders)** comply with all Court orders (including to convene the Shareholders' Meeting and dispatch the Scheme Booklet to KPL Shareholders and, subsequently, to effect the Scheme), and lodge the Court orders approving the Scheme with the PNG Registrar of Companies; and
- (j) **(appeal)** if the Court refuses to make orders convening the Shareholders' Meeting or approving the Scheme (either altogether or on terms not acceptable to Kina BVI or KPL), appeal the Court's decision to the fullest extent possible (unless the parties, acting reasonably, agree that an appeal would have no reasonable prospect of success).

6.3 **Obligations of Kina BVI**

Without limiting clause 6.1, Kina BVI must take the following steps in accordance with the Timetable:

- (a) **(Kina BVI Provided Information)** provide the Kina BVI Provided Information to KPL in a form which complies with all applicable regulatory, compliance and content requirements and the orders of the Court at the First Court Hearing (and update the Kina BVI Provided Information for any material developments);
- (b) **(Kina BVI Provided Information)** ensure that the Kina BVI Provided Information is not misleading or deceptive in any material respect and does not contain any material omissions, in the form and context in which it appears in the Scheme Booklet, and promptly inform KPL if it becomes aware that the Scheme Booklet contains a statement that is or has become misleading or deceptive in a material respect or contains a material omission;
- (c) **(reasonable assistance)** provide all reasonable assistance and information to enable the preparation of the Scheme Booklet (including provision of the Kina BVI Provided Information to KPL) and the Independent Expert's Report;
- (d) **(board meeting)** procure a meeting of the Kina BVI Board to consider and, if thought fit, approve the Kina BVI Provided Information and the Scheme Booklet;
- (e) **(listing applications)** do everything reasonably necessary to ensure the listing of Kina BVI and that the Kina BVI Shares are approved for official quotation on ASX and POMSoX and that trading in the Kina BVI Shares (including the Kina BVI Consideration Shares) commences by the first Business Day after the Implementation Date; and

- (f) **(Scheme Deed Poll)** prior to the First Court Date, execute the Deed Poll undertaking in favour of KPL Shareholders and on the Implementation Date issue the Kina BVI Consideration Shares in accordance with the Scheme.

7. **BOARD RECOMMENDATIONS AND INTENTIONS**

7.1 **Announcement**

The public announcement to be issued by KPL and Kina BVI following execution of this document must state that:

- (a) the KPL Board unanimously recommends to KPL Shareholders that they approve the Scheme and elect to receive the Scheme Consideration (in the absence of a Superior Proposal and subject to the Independent Expert opining that the Scheme is in the best interests of KPL Shareholders); and
- (b) each KPL Director will vote the voting rights attached to all KPL Shares over which he or she has control in favour of any KPL Shareholder resolutions to implement the Scheme and any related or ancillary transactions (in the absence of a Superior Proposal and subject to the Independent Expert opining that the Scheme is in the best interests of KPL Shareholders).

7.2 **KPL Board**

KPL must use its best endeavours to procure that the KPL Board and each KPL Director:

- (a) does not change, qualify or withdraw any of the statements or recommendation contemplated under clause 7.1; and
- (b) does not make any public statement or take any action that is, or may be reasonably construed as being, inconsistent with any of the statements or recommendation contemplated under clause 7.1,

unless:

- (c) in the Independent Expert Report, the Independent Expert opines that the Scheme is not in the best interests of KPL Shareholders; or
- (d) the KPL Board determines that an announced Competing Proposal is a Superior Proposal,

and a majority of the KPL Board determines in good faith and acting reasonably that the Scheme is no longer in the best interests of KPL Shareholders (having regard to their fiduciary and statutory duties).

8. **PUBLIC ANNOUNCEMENTS AND COMMUNICATIONS**

8.1 **Public announcement**

Kina BVI and KPL agree to jointly issue on the date of this document a public release in the form agreed between the parties which announces the Scheme, sets out the KPL Board's unanimous recommendation as contemplated in clause 7.1 and attaches a copy of this document.

8.2 **Other communications**

A party may make a public announcement or other disclosure, or communicate with a Governmental Agency, in respect of the Scheme if required by applicable Law or the rules of any applicable securities exchange but only after, to the extent possible, providing

reasonable notice to the other party and consulting with the other party regarding the form and content of the disclosure or communication.

9. **REPRESENTATIONS AND WARRANTIES**

9.1 **Representations and warranties for the benefit of Kina BVI and KPL**

Each of Kina BVI and KPL represent and warrant to the other party, on each date on and from the date of this document until and including the Second Court Date, that:

- (a) it has all of the necessary capacity, power and authority (whether corporate, regulatory or otherwise) to enter into and perform this document;
- (b) in entering into and performing this document it will not violate any Law, order or its constitution or any agreement binding on it; and
- (c) this document constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms.

9.2 **Representations and warranties for the benefit of KPL alone**

Kina BVI represents and warrants to KPL that:

- (a) on the date of this document and the Second Court Date:
 - (i) Kina BVI is solvent and in compliance with all applicable Laws and rules of any applicable securities exchange, has all material licences, permits and authorities to conduct its activities as conducted on the date of the document; and
 - (ii) as far as Kina BVI is aware, it is not the subject of any action or investigation by a Governmental Agency;
- (b) it has no reason to believe, acting reasonably, that all Regulatory Approvals which Kina BVI requires in BVI, PNG and Australia to operate its business as operated at the date of this document, including in any agreements, will not be granted or issued in due course, or, if already granted or issued, will not remain in force after the date of this document (including as a result of implementation of the Scheme) on materially the same terms that currently exist; and
- (c) on the First Court Date, the date of the Scheme Booklet and the Second Court Date, the Kina BVI Provided Information:
 - (i) is prepared and provided in good faith, with its consent and on the understanding that the Kina BVI Provided Information will be relied on by KPL to prepare the Scheme Booklet and to provide it to KPL Shareholders and to propose the Scheme and by the Independent Expert to prepare the Independent Expert's Report;
 - (ii) complies with all applicable Laws and rules of any applicable securities exchange; and
 - (iii) is not misleading or deceptive in any material respect and does not contain any material omissions, in the form and context in which it appears in the Scheme Booklet.

9.3 **Representations and warranties for the benefit of Kina BVI alone**

KPL represents and warrants to Kina BVI that:

- (a) KPL is not relying on any of the carve-outs in Rule 3.1A of the ASX Listing Rules to withhold material price sensitive information;
- (b) on the date of this document and on the Second Court Date:
 - (i) each KPL Group member is solvent and in compliance with all applicable Laws and rules of any applicable securities exchange, has all material licences, permits and authorities to conduct its activities as conducted on the date of the document; and
 - (ii) as far as KPL is aware, is not the subject of any action or investigation by a Governmental Agency;
- (c) it has no reason to believe, acting reasonably, that all Regulatory Approvals which the KPL Group requires in PNG and Australia to operate its business as operated at the date of this document, including in any agreements, will not be granted or issued in due course, or, if already granted or issued, will not remain in force after the date of this document (including as a result of implementation of the Scheme) on materially the same terms that currently exist; and
- (d) on the First Court Date, the date of the Scheme Booklet and the Second Court Date, that the KPL Provided Information:
 - (i) is prepared in good faith, with its consent and on the understanding that Kina BVI will rely on that information in preparing and approving the Kina BVI Provided Information in the form and context in which it appears in the Scheme Booklet;
 - (ii) complies with applicable Laws and rules of any applicable securities exchange; and
 - (iii) is not misleading or deceptive in any material respect and does not contain any material omissions, in the form and context in which it appears in the Scheme Booklet.

10. **NO RELIANCE**

10.1 **Own assessment**

- (a) Kina BVI expressly acknowledges that it is making its own independent assessment of the KPL Disclosed Information.
- (b) Subject to clauses 9.3(c) and 10.1(c), KPL makes and gives no representation or warranty (except as specifically provided for in this document):
 - (i) as to the accuracy or completeness of any of the KPL Disclosed Information;
 - (ii) that any of the KPL Disclosed Information has been audited, verified or prepared with reasonable care or that any statement about the future will or can be achieved or that the assumptions upon which statement is made are reasonable; or
 - (iii) that the KPL Disclosed Information is all of the information that the Recipient or a reasonable person would require or expect to receive for the proper evaluation of the Scheme.
- (c) Notwithstanding clause 10.1(b), KPL will:

- (i) use its reasonable endeavours to ensure that the KPL Disclosed Information which is provided on or after the date of this document is accurate and not misleading; and
- (ii) not provide Kina BVI or any of its representatives or advisers with any information as KPL Disclosed Information that, to the actual knowledge of any KPL Group member, is false, inaccurate or misleading.

11. **TERMINATION**

11.1 **Termination rights of both parties**

A party may terminate this document by notice to the other party:

- (a) if a Condition Precedent for the benefit of that party is not satisfied (or waived, where permitted) (subject, in relation to the condition precedent in clause 5.1(f), to any appeal process pursuant to clause 6.2(j)) by 5.00pm on the day before the Second Court Date; or
- (b) if the other party breaches any term of this document at any time before 8.00am on the Second Court Date and the breach is material in the context of the Scheme as a whole (provided that, if such breach is reasonably capable of remedy, notice of the material breach is given by the party not in breach and the material breach has not been remedied within five business days of such notice).

11.2 **Termination rights of Kina BVI**

Kina BVI may terminate this document at any time before 8.00am on the Second Court Date by notice to KPL if a KPL Director publicly changes, qualifies or withdraws their statement that the Scheme is in the best interests of KPL Shareholders or their recommendation that KPL Shareholders approve the Scheme, or publicly recommends, promotes or endorses a Competing Proposal.

11.3 **Effect of termination**

This clause 11 and clauses 1, 12, 13 and 14 will survive termination of this document.

12. **NOTICES**

- (a) A notice, consent or other communication under this document is only effective if it is in writing, signed and either left at the addressee's address or sent to the addressee by mail or email. If it is sent by mail, it is taken to have been received 3 working days after it is posted. If it is sent in electronic form, and the addressee's email system logs the email message has having been received by 5.00pm (local time in the place of receipt) on that Business Day, or if the addressee's email system logs the email message has having been received after 5.00pm (local time in the place of receipt) on that Business Day, or on a day that is not a Business Day, on the next Business Day.
- (b) A person's address and email are those set out below, or as the person notifies the sender:

KPL

Address: Suite 209, 111 Harrington Street, Sydney NSW 2000
Email: richard.schroder@kinapetroleum.com
Attention: Richard Schroder

Kina BVI

Address: Suite 209, 111 Harrington Street, Sydney NSW 2000
Email: richard.schroder@kinapetroleum.com
Attention: Richard Schroder

13. **AMENDMENT AND ASSIGNMENT**

13.1 **Amendment**

This document can only be amended or replaced by another document executed by the parties.

13.2 **Assignment**

A party may only assign, declare a trust over or otherwise deal with its rights under this document with the written consent of the other party.

14. **GENERAL**

14.1 **Governing law**

- (a) This document is governed by the laws of PNG.
- (b) Each party submits to the jurisdiction of the courts of PNG, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document.

14.2 **Liability for expenses**

Each party must pay its own expenses incurred in negotiating, executing, stamping and registering this document.

14.3 **Operation of this document**

- (a) This document contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document and has no further effect.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

14.4 **Counterparts**

This document may be executed in counterparts.

SCHEDULE 1

Timetable

Possible timetable for redom

Announcement of the Scheme	Friday, 15 February 2019
Date of the Scheme Booklet	Friday, 22 February 2019
Date for determining who must be provided with notice of the Scheme Meeting and the Voting Instruction Form (Notice Record Date)	7.00pm, Tuesday, 26 February 2019
Latest time and date for determining eligibility to vote at the Scheme Meeting	7.00pm Tuesday 19 March 2019
Latest time and date for lodgement of completed proxy forms for the Scheme Meeting	11.00am Tuesday 19 March 2019
Scheme Meeting	Thursday, 21 March 2019
If the Scheme is agreed to by the Requisite Majority of Shareholders, the expected timetable is:	
Second Court Hearing for approval of the Scheme	Wednesday, 27 March 2019
Notify ASX and POMSoX	Wednesday, 27 March 2019
Effective Date of the Scheme	Friday, 29 March 2019
Last day of trading of the KPL Shares on ASX and POMSoX	Friday, 29 March 2019
Listing of Kina BVI Shares and trading in Kina BVI Shares commences on ASX and POMSoX on a deferred settlement basis	Monday, 1 April 2019
Record Date for determining entitlements to Scheme Consideration	Tuesday, 2 April 2019
Implementation Date - date of dispatch of Scheme Consideration	Tuesday, 9 April 2019
Delisting of KPL on ASX and POMSoX	Wednesday, 10 April 2019
Last date of deferred settlement trading in Kina BVI Shares	Wednesday, 10 April 2019
Dispatch of holding statements for Kina BVI Shares	Wednesday, 10 April 2019

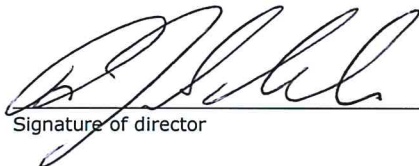
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EXECUTED as an agreement.


Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

THE COMMON SEAL of KINA
PETROLEUM LIMITED, the fixing of
which was witnessed by:

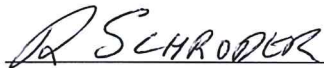




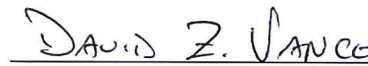
Signature of director



Signature of director/secretary

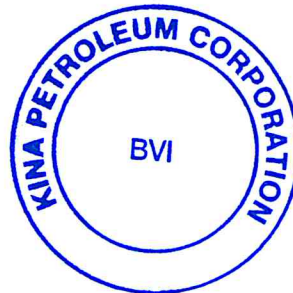


Name



Name

SIGNED, SEALED AND DELIVERED by
KINA PETROLEUM CORPORATION in
the presence of:






Signature of witness



Signature of authorised signatory



Name of witness



Name of authorised signatory