

NOTICE OF GENERAL MEETING

CHAIRMAN'S ADDRESS

14 December 2020

Dear Shareholder,

Delisting of Kina Petroleum Corporation

Kina Petroleum Corporation (the **Company**) has requested and received approval from each of ASX Limited (**ASX**) and the Port Moresby Stock Exchange (**PNGX**) to remove its ordinary shares (**Shares**) from the official lists of ASX and PNGX, respectively (the **Delistings**), subject to complying with certain conditions described in the attached Notice of Meeting.

In conjunction with the Delistings, the Company is proposing to use an amount of up to \$1.28 million of its available cash resources (**Buy-Back Cash Reserve**) to offer and undertake an off market buy-back of its Shares (**Share Buy-Back**), which will allow Shareholders the opportunity to sell up to all of their Shares to the Company. After the Delistings occur, the directors of the Company propose to return a portion of the remaining funds from the Buy-Back Cash Return (following the Share Buy Back to Shareholders) by way of an equal capital reduction (**Capital Return**).

The directors' objective in offering the Share Buy Back and the Capital Return is to facilitate an equitable, efficient and orderly market in the Shares up to the date of the Delistings. The Share Buy-Back allows Shareholders to exit all or some of their investment in the Company, while the Capital Return will assist to ensure Shareholders who wish to remain invested in the Company after the Delistings are not disadvantaged by not participating in the Share Buy Back.

The Delistings, the Share Buy-Back and the Capital Return all require Shareholder approval. Accordingly, the board of directors of the Company has convened a general meeting of members of the Company on **Thursday, 31 December 2020 at 10.00 am** (AEST time) to consider the necessary resolutions. I would be delighted if you attended that meeting or submitted votes through a proxy. The Delistings in particular will have a fundamental impact on the protections you enjoy as a Shareholder and your ability to trade in the Shares. You are encouraged to attend the meeting and ask questions of your directors about this important step in the Company's life cycle.

A Notice of Meeting and Explanatory Memorandum accompany this letter. These documents contain important information about the Delistings, the Share Buy-Back and the Capital Return, and I encourage you to read them carefully and, if you have any questions or do not understand anything, to consult with your own financial, legal, tax or other professional adviser promptly. The information in these documents is general in nature and does not take into account your personal circumstances.

The Company's board of directors considers the Delistings to be in the best interests of the Company and its Shareholders for the reasons summarised below:

- (a) **Small trading volumes having disproportionate effect on Share price** - In the 18 months since relisting, the Shares traded on only 36 days and the Share price declined from \$1.80 to \$0.38 based on the trading of 232,710 Shares, or less than 2% of the outstanding Shares. The low liquidity creates significant volatility in the Share price from limited trading with a disproportionate impact on the Share price. The Board believes that this phenomenon results in a Share price that is not reflective of the true value of the Company.
- (b) **Inability to raise capital at prices reflective of underlying asset value** - The Board consider that, while the Shares remain listed on ASX and PNGX and trading at a significant discount to that of comparable companies with high price volatility, the prospects of raising funds on ASX or PNGX at a



price commensurate with underlying value are poor and any future capital raising at current market prices will have a very significant dilutionary impact on all Shareholders.

- (c) **Minimal liquidity and investor interest due to highly concentrated shareholdings** - The Company's share register is highly concentrated. At present, approximately 86% of the Shares are held by the top 20 Shareholders, most of whom the Company believes to be long term investors without intent to reduce their respective holdings for the foreseeable future. As a result, there is very limited liquidity in the Shares, and the Board believes it is unlikely that there will be any substantial increase in liquidity in the foreseeable future. The Board is of the view that this concentration of ownership amongst a relatively small number of Shareholders and consequent limited 'free float' of the Company's Shares on ASX and PNGX limits investor interest in trading the Shares via ASX or PNGX.
- (d) **High ongoing costs** - In view of the foregoing, the Board believes that the financial, administrative, and compliance obligations and costs associated with, and executive time involved in, maintaining the ASX and PNGX listings outweigh the benefits of the continued listings and so can no longer be justified. This is particularly the case given the ongoing low trading volumes in the Shares. Furthermore, the savings arising from the Delistings could be better directed elsewhere to benefit the Shareholders.

With the significant drop in oil price and the Covid-19 overhang there has been a number of significant changes to the PNG corporate landscape particularly in Western Province. Hundreds of millions of dollars' worth of investment have been made evaluating discoveries in the foreland of Western Province and, with the withdrawal of Repsol, Horizon and Osaka Gas, the Company sees new opportunities materialising and continues to evaluate opportunities (including corporate transactions) to enhance value to our Shareholders. There is no certainty that any of these opportunities will come to fruition or, if any of them does come to fruition, that it will generate the anticipated returns for shareholders. Shareholders should therefore exercise caution when deciding whether or not to participate in the Share Buy-Back (if it is approved by Shareholders at the general meeting of members of the Company).

Yours sincerely,



David Vance

Director and Non-Executive Chairman

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Kina will be held on **Thursday, 31 December 2020 at 10.00 a.m.** (AEST time) at <https://agmlive.link/KPEGM20>.

In light of the restrictions that have been introduced as a result of the COVID-19 pandemic, we have determined that it is prudent for the General Meeting of Shareholders to be held online only.

The Explanatory Memorandum accompanying this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and Proxy Form are part of this Notice. The materials for the General Meeting can be accessed at asx.com.au/markets/company/kpe.

The Directors have determined that, pursuant to Sub-regulation 8.4 of the Company's Articles of Association (the "**Company's Articles**"), **a person's entitlement to vote at the General Meeting will be determined by reference to the number of fully paid shares registered in the name of that person (reflected in the register of members) at 7.00 p.m. on Thursday, 24 December 2020** (AEST time).

Terms and abbreviations used in this Notice of Meeting and the attached Explanatory Memorandum and Proxy Form are defined in the Glossary at the end of the document.

BUSINESS

DELISTINGS

To consider the removal of the Company from the official lists of ASX and PNGX.

RESOLUTION 1: APPROVAL OF THE REMOVAL OF THE COMPANY FROM THE OFFICIAL LISTS OF ASX AND PNGX

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to each of ASX and PNGX granting all necessary approvals, for the purposes of ASX Listing Rule 17.11 and for all other purposes, the Company be removed from the official lists of both ASX and PNGX on Thursday, 4 February 2021 and that the Directors be authorised to do all things reasonably necessary to give effect to the removal of the Company from the official lists of both ASX and PNGX".

RESOLUTION 2: APPROVAL OF SHARE BUY-BACK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to ASX and PNGX granting all necessary approvals for the Company to be removed from the official lists of ASX and PNGX, and the approval by the requisite majority of shareholders of Resolution 1, the Company buy back up to a total of 12,800,000 ordinary shares in the Company for a price of \$0.10 per share from those shareholders who accept the share buy-back offer".

RESOLUTION 3: APPROVAL OF CAPITAL RETURN TO SHAREHOLDERS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the removal of the Company from the official lists of ASX and PNGX, and the approval by the requisite majority of shareholders of Resolution 1, the Company implement a return of capital by way of an equal capital reduction for the share capital of the Company, which capital reduction is to be effected by the Company paying each shareholder (as at a date to be determined by the Directors, in their sole discretion, provided that such date is after the date of the removal of the Company from the official lists of ASX and PNGX) the amount of \$0.07 for each share in the Company held at that time."

DATED: 14 December 2020

By order of the Board.

A handwritten signature in black ink, appearing to read 'Richard Schroder', written in a cursive style.

Richard Schroder
Managing Director

PROXY NOTICE

KINA PETROLEUM CORPORATION

Explanatory Memorandum

The Notice of General Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

Eligibility to vote

In accordance with the *BVI Business Companies Act 2004* (BVI) (the **BVI Companies Act**) and the Company's Articles, a person's entitlement to vote at the General Meeting will be determined by reference to the number of fully paid shares registered in the name of that person (reflected in the register of members) at **7.00 p.m. on Thursday, 24 December 2020** (AEST time).

Proxy votes

A shareholder entitled to attend and vote may appoint and be represented by a proxy, who may speak and vote on behalf of the shareholder.

Where more than one (1) proxy is appointed, the appointment may specify the proportion or number of votes that the proxy may exercise, otherwise each may exercise half of the votes.

A proxy need not be a shareholder.

The instrument appointing a proxy (the **Proxy Form**) must be in substantially the form included in this Notice. The Proxy Form must be signed by the shareholder or the shareholder's attorney and must properly evidence the wishes of the appointing shareholder.

Where shares are jointly owned:

- (a) if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of shareholders and may speak as a shareholder;
- (b) if only one of the joint owners is present in person or by proxy, he may vote on behalf of the joint owners; and
- (c) if two or more joint owners are present in person or by proxy, they must vote as one.

Proxies must reach the Company at least forty eight (48) hours before the meeting at which the person named in the proxy form proposes to vote.

The address for lodgement of proxies is:

Australian Shareholders:

Delivery Address:	Postal Address:	Fax Number:
Kina Petroleum Corporation C/- Link Market Services Limited Level 12, 680 George Street Sydney South NSW 1235 (do not use this address for mailing purposes)	Kina Petroleum Corporation C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235	+612 9287 0309

Papua New Guinea Shareholders:

Delivery Address:	Postal Address:	Fax Number:
Kina Petroleum Corporation C/o PNG Registries Limited Level 2, AON Haus McGregor Street Port Moresby, NCD, Papua New Guinea (do not use this address for mailing purposes)	Kina Petroleum Corporation C/o PNG Registries Limited PO Box 1265 Port Moresby, NCD, Papua New Guinea	+675 321 6379

Key Management Personnel as proxy

If a shareholder appoints the Chairman of the Meeting as proxy, the shareholder can direct the Chairman how to vote by either marking the boxes on the Proxy Form (Step 2), or by marking the Chairman voting direction box on the Proxy Form (Step 1), in which case this will be considered to be an express direction to the Chairman of the Meeting to vote in favour of the proposed resolution.

Undirected Proxies

Subject to the above, the Chairman of the Meeting intends to vote undirected proxies in favour of all of the resolutions. However, the Company encourages all shareholders who submit proxies to direct their proxy how to vote on each resolution by marking the boxes on the Proxy Form (Step 2) for each item of business.

Directed Proxies

The rules relating to how a proxy must vote directed proxies are as follows:

- the proxy must cast or abstain from casting a vote on the item of business as directed; and
- the proxy must, on a poll, cast the votes as to which a direction is given by the instrument of proxy in accordance with that direction.

Power of Attorney

If a proxy is signed by a shareholder's attorney, the shareholder's attorney confirms that he or she has received no revocation of authority under which the proxy is executed and the authorities under which the appointment was signed or a certified copy thereof must also be received by the Company at least forty eight (48) hours before the meeting.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

Enquiries

Shareholders are invited to contact the Managing Director, Mr Richard Schroder, on **+61 2 8247 2500** if they have any queries in respect of the matters set out in these documents.

EXPLANATORY MEMORANDUM
KINA PETROLEUM CORPORATION

INTRODUCTION

This Explanatory Memorandum has been prepared to assist shareholders in considering the Resolutions set out in the Company's Notice of General Meeting. This Explanatory Memorandum forms part of, and should be read in conjunction with, the Company's Notice of General Meeting, for the Company's General Meeting to be held on **Thursday, 31 December 2020 at 10.00 a.m.** (AEST). In light of the restrictions that have been introduced as a result of the COVID-19 pandemic, we have determined that it is prudent for the General Meeting of Shareholders to be held online only. Terms used in this Explanatory Memorandum are defined in the Glossary at pages 16-17 of this Explanatory Memorandum.

BUSINESS

1. RESOLUTION 1: APPROVAL OF DELISTING OF THE COMPANY FROM ASX AND PNGX

1.1 Background to Delisting Proposal

The Company has applied to ASX to be removed from the ASX official list under Listing Rule 17.11 (the **ASX Delisting**). The Company made the application for the ASX Delisting on Thursday, 3 December 2020 (**Application**). The Company has also applied to PNGX to be removed from the PNGX official list at the same time as it is removed from the official list of ASX pursuant to the ASX Delisting (**PNGX Delisting** and together with the ASX Delisting, the **Delistings**).

The Company had previously submitted an application to ASX for an in-principle decision in relation to the proposed ASX Delisting. In response, ASX advised the Company, based solely on the information provided, on receipt of an application for the removal of the Company from the official list of ASX pursuant to Listing Rule 17.11, ASX would be likely to remove the Company from the official list on Thursday, 4 February 2021, subject to compliance with the following conditions:

- (a) the request for removal of the Company from the official list of ASX is approved by a special resolution of Shareholders;
 - (b) the notice of meeting seeking Shareholder approval for the Company's removal from the official list of ASX:
 - (i) includes the time and date at which the Company will be removed from ASX if that approval is given;
 - (ii) includes a statement to the effect that the removal will take place no earlier than one month after approval is granted;
 - (iii) includes a statement to the effect that if Shareholders wish to sell their Shares on ASX, they will need to do so before the Company is removed from the ASX official list; and if they do not, details of the processes that will exist after the Company is removed from the official list to allow Shareholders to dispose of their holdings and how they can access those processes; and
 - (iv) include, to ASX's satisfaction, information prescribed in section 2.11 of ASX Guidance Note 33; and
 - (c) the Company releases the full terms of this decision to the market upon making a formal application to ASX to remove the Company from the official list of ASX,
- (the **ASX Confirmation**).

Neither ASX nor PNGX has imposed any voting exclusions on, and no voting exclusions apply to, Resolution 1.

As is its usual practice, the ASX has imposed a requirement under condition (a) of the ASX Confirmation, pursuant to Listing Rule 17.11 and ASX Guidance Note 33, that the Company obtain shareholder approval for the Delistings. In accordance with this requirement, Resolution 1, which is to be put to the General Meeting, seeks Shareholder approval (as a special resolution) to remove the Company from the official lists of ASX and PNGX on Thursday, 4 February 2021. Resolution 1 seeks the required shareholder approval to the Delistings under and for the purposes of the ASX and PNGX Listing Rules.

If Resolution 1 is passed, the Company will be able to proceed with the Delistings and the consequences of the Delistings are set out section 1.4 of this Explanatory Memorandum.

If Resolution 1 is not passed, the Company will not be able to proceed with either Delisting and will remain subject to the ongoing obligations of the ASX and PNGX. In addition, if Resolution 1 is not passed, none of the other resolutions put before the General Meeting can take effect, even if they are supported by a sufficient majority of Shareholders.

In accordance with condition (b) of the ASX Confirmation, the statements required to be made in this Notice of Meeting are set out in this Explanatory Memorandum.

In accordance with condition (c) of the ASX Confirmation, the full terms of the ASX Confirmation were released to the market on Monday, 7 December 2020 in the announcement that the Application had been made by the Company to ASX.

The Board considers that it is in the best interests of the Company and its Shareholders for the Company to be removed from the official lists of ASX and PNGX for the reasons set out in section 1.2 of this Explanatory Memorandum.

Removal of the Company from the official lists of ASX and PNGX may be perceived to have some disadvantages for Shareholders. Potential disadvantages are set out in section 1.3 of this Explanatory Memorandum.

Shareholders who are uncertain as to what action to take should seek guidance from their professional advisers.

In particular, Shareholders should seek appropriate legal, financial and tax advice about the potential impacts of holding shares in a company that is not listed on ASX or PNGX.

1.2 Advantages of, and key reasons for, seeking removal from the official lists of ASX and PNGX

The Board's key reasons for recommending Shareholders approve Resolution 1 are as follows:

- (a) **Small trading volumes having disproportionate effect on Share price** — In the 18 months since relisting, the Shares traded on only 36 days and the Share price declined from \$1.80 to \$0.38 based on the trading of 232,710 Shares, or less than 2% of the outstanding Shares. The low liquidity creates significant volatility in the share price from limited trading with a disproportionate impact on the Share price. The Directors believe that this phenomenon results in a Share price that is not reflective of the true value of the Company.
- (b) **Inability to raise capital at prices reflective of underlying asset value** — The Directors consider that, while the Shares remain listed on ASX and PNGX and trading at a significant discount to that of comparable companies with high price volatility, the prospects of raising funds on ASX or PNGX at a price commensurate with underlying value are poor and any future capital raising at current market prices will have a very significant dilutionary impact on all Shareholders.
- (c) **Minimal liquidity and investor interest due to highly concentrated shareholdings** — The Company's share register is highly concentrated. At present, approximately 86% of the Shares are held by the top 20 Shareholders, most of whom the Company believes to be long term investors without intent to reduce their respective holdings for the foreseeable future. As a result, there is very limited liquidity in the Shares, and the Directors believe it is unlikely that there will be any substantial increase in liquidity in the foreseeable future. The Directors are of the view that this concentration of ownership amongst a relatively small number of Shareholders and consequent limited 'free float' of the Shares on ASX and PNGX limits investor interest in trading the Shares via ASX or PNGX. Immediately after the Delistings, Shareholders can trade in Shares through a private sale process. In the medium term, the Company intends to list on a US

exchange to take advantage of the larger capital pool available for oil and gas entities. This will depend entirely on external factors such as oil and gas prices and the political situation in PNG.

- (d) **High ongoing costs** — In view of the foregoing, the Directors believe that the financial, administrative, and compliance obligations and costs associated with, and executive time involved in, maintaining the ASX and PNGX listings outweigh the benefits of the continued listings and so can no longer be justified. This is particularly the case given the ongoing low trading volumes in the Shares. Furthermore, the savings arising from the Delistings could be better directed elsewhere to benefit the Shareholders. The Company anticipates that it will save approximately \$1 million per year, including staff costs (with both the CEO and CFO of the Company to be made redundant), direct ASX and PNGX costs, compliance costs and administration costs. The Company does not anticipate that it will incur any additional expenses if it is removed from the official lists of ASX and PNGX.

1.3 Disadvantages of seeking removal from the official lists of ASX and PNGX

- (a) **Shareholders will no longer have the ability to sell Shares and realise their investment in the Company via ASX or PNGX**

After the Company is removed from the official lists of ASX and PNGX, as the Shares will no longer be traded on ASX or PNGX, Shareholders will only be capable of sale by an off-market private transaction in accordance with the Company's Articles.

However, as noted above, the current ASX market for Shares has been very illiquid in the 18 months since relisting and before the Company made the Application to ASX.

- (b) **The Company will not be able to raise capital from public listed equity capital markets**

After the Company is removed from the official lists of ASX and PNGX, it will be unable to raise capital from public listed equity capital markets. Unlike a listed public company, an unlisted public company generally does not have the ability to raise capital from the issue of securities in reliance on a limited disclosure fundraising document. If the Company wishes to raise capital following its removal from the official lists of ASX and PNGX, this will be by way of an offer of Shares pursuant to a full prospectus or by way of a placement to sophisticated and institutional investors (to whom such disclosure is not required). Any placement made by the Company as an unlisted company may involve the recipient of the placement being subject to a 12 month escrow period on trading of their Shares or only on-selling to 'sophisticated' investors, which may be unattractive to some investors and deter them from investing in the Company.

- (c) **Various requirements of the Listing Rules will no longer apply**

At present, the Company has a number of obligations pursuant to the ASX Listings Rules that offer protection to Shareholders (especially minority Shareholders) and that will cease to apply when the Delistings occur. The Company is incorporated in the British Virgin Islands and is primarily governed by the BVI Companies Act. The BVI Companies Act does not require the same level of continuous disclosure from the Company, or impose the same financial reporting obligations on the Company, as is currently mandated under the ASX Listing Rules, for example. Similarly, the protections afforded to Shareholders in connection with significant changes to the Company's activities or the issue of shares to Directors or persons of influence and transactions with persons of influence either do not exist or are different and potentially less onerous for the Company than those existing under the ASX Listing Rules. The Company will also no longer need to report on the extent of its compliance with the ASX Corporate Governance Principles and Recommendations or justify the reasons why it does not comply with those principles and recommendations. This includes the establishment and maintenance of committees that have independent people participating in the decision-making on those committees. The absence of continued restrictions in these areas may be perceived to be a disadvantage by some Shareholders, particularly minority Shareholders.

- (d) **Other disadvantages generally**

There are other potential disadvantages to the Company not being listed, including the fact that some investors apply a higher valuation to securities of a company that is listed on a recognised exchange.

1.4 Consequences of removal from the official lists of ASX and PNGX

If Shareholders approve Resolution 1, the Company will be removed from the official lists of ASX and PNGX at close of market on Thursday, 4 February 2021 (**Removal Date**).

Shares may continue to be traded on ASX or PNGX until 7.00 p.m. on Tuesday, 2 February 2021, after which time trading will be suspended until the Removal Date. This will give Shareholders who wish to sell their Shares more than 6 weeks from the date of the announcement to ASX on Monday, 7 December 2020 regarding the proposed Delistings, to seek to trade their Shares on ASX or PNGX to exit the Company prior to the Removal Date if they do not wish to remain Shareholders in the Company.

The Company also proposes to offer an off-market share buyback facility to ensure that there is an orderly process for allowing those Shareholders who wish to sell their Shares and exit the Company prior to the Removal Date to do so. See item 2 below for further information.

For Shareholders who do not wish to sell their Shares and exit prior to the Delistings, the Board intends to implement a return of capital by way of an equal capital reduction that applies to all Shareholders remaining in the Company following the Delistings in proportion to the number of Shares held by them. See item 3 below for further information.

Upon the Delistings taking effect on the Removal Date, the Shares will no longer be quoted or traded on ASX or PNGX. The Share Buy-Back facility and Capital Return facility will give all Shareholders the potential opportunity to realise some or all of their investment in the Company. In addition, after the Removal Date Shareholders will be able to sell their Shares via off-market private transactions (which will require Shareholders to identify and agree terms with potential purchasers of Shares).

Under section 111AC of the Corporations Act, the Company will become an unlisted disclosing entity and will continue to be bound by the continuous disclosure obligations under the Corporations Act.

The proposed timetable for the Delistings (assuming the required resolutions are passed by Shareholders at the General Meeting) is:

Event	Date
Notice of Meeting released	Monday, 14 December 2020
Record date for voting at General Meeting	7.00 pm on Thursday, 24 December 2020
Deadline for submitting completed proxy forms to the Company in respect of the General Meeting	10.00 a.m. on Tuesday, 29 December 2020, being 48 hours before the General Meeting is scheduled to commence.
General Meeting	10.00 a.m. on Thursday, 31 December 2020
Confirmation of results of Meeting	Thursday, 31 December 2020
Initial record date for determining participation in the Share Buy-Back	7.00 pm on Thursday, 7 January 2021
Commencement of Share Buy-Back	commencement of trade on Friday, 8 January 2021
Final record date for determining participation in the Share Buy-Back	7.00 p.m. on Monday, 1 February 2021
Close of the Share Buy-Back facility (Share Buy-Back Closing Date)	5.00 p.m. on Tuesday, 2 February 2021
Suspension from official lists of ASX and PNGX	7.00 p.m. on Tuesday, 2 February 2021
Payments to be made in respect of the Share Buy-Back	Wednesday, 3 February 2021

*Dates and times subject to change by the Company or ASX and PNGX. All dates and times above are Sydney, Australia time.

The Removal Date of Thursday, 4 February 2021 is not earlier than one month after the date Shareholder approval would be given.

1.5 Remedies available to Shareholders

As the Company is organised under the laws of the British Virgin Islands, Shareholders may apply to the High Court of the BVI for an order if they believe that the Delistings are being or is likely to be conducted in a manner that is or is likely to be oppressive, unfairly discriminatory or unfairly prejudicial to them in that capacity. In addition, under the BVI Companies Act, a Shareholder may bring an action against the Company for breach of duty owed by the Company to him or her as a member. This would include an action in which the member alleges that the Delistings are a breach of duty owed to the Shareholder by the Directors.

Following the Delistings, Shareholders will have all of the protections available to them under the Articles of the Company and the BVI Companies Act. This includes certain restrictions on the Company issuing, buying back or redeeming its issued securities. These restrictions would not apply to the Share Buy-Back or the Capital Return facilities, which Shareholders are approving at the General Meeting. Additionally, the Directors have fiduciary duties when exercising their powers or performing their functions, including the duty to act in good faith and in what the directors believe to be the best interests of the Company; the duty to exercise independent judgement; and the duty not to put himself or herself in a position of conflict between their duty to the Company and their personal interests.

The Shareholders also have the right under the BVI Companies Act to inspect certain records of the Company (including its Articles, members register, directors register and resolutions and minutes of meetings of members). The Board is able to refuse a member's request to inspect any of these documents if the Board is satisfied that such inspection would be contrary to the Company's best interests. The Articles also provide that the members may require the Board to provide a profit and loss account and balance sheet to members in a manner similar to notice for a Shareholders' meeting.

The Company is not aware of the intention of any material Shareholders to participate in the Share Buy-Back.

1.6 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1 for the reasons set out in this Explanatory Memorandum.

2. RESOLUTION 2: APPROVAL FOR SHARE BUY-BACK

2.1 Background for the Share Buy-Back

The purpose of the proposed Share Buy-Back is to allow Shareholders to realise some or all of their investment in the Company using the Company's available cash resources.

2.2 Effect on the Company

If the proposed Share Buy-Back is approved, the Board will use a portion of its available cash resources of up to \$1.28 million (**Buy-Back Cash Reserve**) to effect the Share Buy-Back. The Company will offer to buy back from Shareholders their Shares at a price of \$0.10 per Share. This price reflects the maximum amount which the Company can offer to Shareholders (based upon the Buy-Back Cash Reserve) to enable an equal and orderly opportunity for each Shareholder to dispose of their entire shareholdings prior to the Delistings.

The completion of the Share Buy-Back will not reduce the Share price to less than \$0.20.

Pro Forma Balance Sheet

	Consolidated	Buyback and Capital Return	Balance
	\$US m	\$US m	\$US m
Current Assets			
Cash	1,361,381	935,626	425,755
Receivables and Other	<u>587,010</u>		<u>587,010</u>
	<u>1,948,391</u>		<u>1,012,765</u>
Non -Current Assets			
Fixed Assets	19,272		19,272
Exploration & Development Expenditure	<u>11,593,498</u>		<u>11,593,498</u>
	<u>11,612,770</u>		<u>11,612,770</u>
TOTAL ASSETS	<u>13,561,161</u>		<u>12,625,535</u>
Current Liabilities			
Creditors and Provisions	275,267		275,267
TOTAL LIABILITIES	<u>275,267</u>		<u>275,267</u>
NET ASSETS	13,285,894		12,350,268
SHAREHOLDERS' EQUITY			
Capital	26,535,318	(935,626)	25,599,692
Reserves	27,163,349		27,163,349
Accumulated Losses	<u>(40,412,773)</u>		<u>(40,412,773)</u>
	<u>13,285,894</u>		<u>12,350,268</u>

2.3 Reason why the Share Buy-Back was chosen

The Board considers that the Share Buy-Back is a very effective way to provide liquidity to Shareholders for those Shareholders who wish to dispose of some or all of their Shares prior to Delistings. The Board is of the view that the Share Buy-Back provides Shareholders with a better outcome than if the Company were not to make any facility available. Other mechanisms to return capital were also considered, but the Share Buy-Back was considered the most appropriate because it accommodates each Shareholder's preferences in respect of how many Shares it wishes to be bought back by the Company (if any).

2.4 Key features of the Share Buy-Back

Size of Buy-Back	Up to \$1.28 million, being the amount of the Buy-Back Cash Reserve
Buy-Back Price	\$0.10 per Share, being an amount determined by dividing the Buy-Back Cash Reserve by the number of issued Shares as at the date of this Explanatory Memorandum. Participating Shareholders will receive their payment in Australian dollars at the exchange rate listed at 5.00 pm on the RBA website on the Share Buy-Back Initial Record Date. A Shareholder may request through the acceptance form to receive their payment in US dollars. Payments in US dollars may be delayed by up to three Business Days because of the time required to process the requests once the Share Buy-Back facility has closed.

Eligible Shareholders	All Shareholders are eligible to participate in the Share Buy-Back in respect of all or any portion of their Shares. No Shareholder is obliged to participate in the Share Buy-Back.
Excluded Shareholders	None
Share Buy-Back Initial Record Date	7.00 p.m. on Thursday, 7 January 2021
Opening Date	Friday, 8 January 2021
Share Buy-Back Final Record Date	7.00 p.m. on Monday, 1 February 2021
Closing Date	5.00 p.m. on Tuesday, 2 February 2021

2.5 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2 for the reasons set out in this Explanatory Memorandum.

3. RESOLUTION 3: APPROVAL FOR CAPITAL RETURN TO SHAREHOLDERS

3.1 Background for Capital Return

The purpose of the proposed Capital Return is to return a portion of the remaining funds from the Buy-Back Cash Reserve following the Delistings in an equitable and efficient manner to Shareholders.

3.2 Effect on the Company

If the proposed Capital Return is approved, the Company's eligible Shareholders will receive an amount of \$0.07 per Share. The Capital Return will be funded by the Company's remaining Buy-Back Cash Reserve (after the Buy-Back is implemented, if it is implemented) and will reduce the Company's cash balance by the amount of capital returned.

3.3 Reasons why the Capital Return was chosen

The Board is of the view that the Capital Return is the preferred mechanism to return capital to Shareholders because:

- (a) the Capital Return applies to all eligible Shareholders equally in proportion to the number of Shares they hold;
- (b) all Shareholders will receive \$0.07 per Share they hold as at the relevant record date and their proportionate interest in the Company will remain unchanged; and
- (c) due to the amount of capital proposed to be returned, the Capital Return provides certainty of execution.

The Board considers the only significant disadvantage of the proposed Capital Return is that it will reduce the Company's cash on hand and Shareholders' equity by the amount of cash that will be returned to Shareholders. However, the Board considers that the amount of cash remaining will be sufficient for the Company's immediate and foreseeable requirements.

3.4 Key features of the Capital Return

Size of Capital Return	The amount of the Buy-Back Cash Reserve less the total amount expended in acquiring Shares pursuant to the Share Buy-Back.
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Capital Return amount per Share	\$0.07 per Share. Eligible Shareholders will receive their payment in Australian dollars at the exchange rate listed at 5.00 pm on the RBA website on the record date for determining participation in the Capital Return. A Shareholder may request to receive their payments in US dollars by contacting the Company's Registry on +61 1300 859 277. Payments in US dollars may be delayed by up to three Business Days because of the time required to process the requests.
Eligible Shareholders	All Shareholders who hold Shares as at 7.00 p.m. on the Removal Date.
Excluded Shareholders	None
Record date for determining participation in the Capital Return	To be determined by the Directors, provided that this date is after the Removal Date.
Payments to be made in respect of the Capital Return	To be determined by the Directors at the same time as the Record Date above is determined, provided that this date is also after the Removal Date.

3.5 Effect of Capital Return on the Company's capital structure

After the Capital Return, the number of fully paid ordinary shares in the Company on issue will remain the same as there will be no cancellation of Shares.

The completion of the Capital Return will not reduce the Share price to less than \$0.20.

3.6 Payment details for eligible Shareholders

If Shareholders approve the proposed Capital Return and it is implemented, payment of the Capital Return will be made to eligible Shareholders on a date to be determined by the Board, in its sole discretion, provided that such date is after the date of the removal of the Company from the official lists of ASX and PNGX. Eligible Shareholders are those Shareholders who are registered holders of Shares in the Company at a date and time to be determined by the Board, in its sole discretion, provided that such date and time is after the date of the removal of the Company from the official lists of ASX and PNGX.

For eligible Shareholders, the Capital Return will be paid by direct credit or cheque. Shareholders who have not provided the Company's share registry with their bank account details should update their details with the registry by visiting <https://investorcentre.linkmarketservices.com.au/>.

3.7 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3 for the reasons set out in this Explanatory Memorandum.

For inquiries please contact:

Richard Schroder, Managing Director
Telephone: +61 2 8247 2500
Email: richard.schroder@kinapetroleum.com

GLOSSARY

\$ means US Dollars, unless stated otherwise.

General Meeting or **Meeting** means the meeting convened by the Notice to be held on Thursday, 31 December 2020.

ASX means ASX Limited or the associated stock exchange.

ASX Listing Rules means the Listing Rules of the ASX.

Board means the board of directors of the Company.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in New South Wales.

Buy-Back Price means the price per Share offered under the Share Buy-Back.

BVI means British Virgin Islands.

BVI Companies Act means the *BVI Business Companies Act 2004* (BVI).

Capital Return means the off-market equal reduction of Shares held by Shareholders as at the record date for determining participation in the Capital Return.

Company or **Kina** means Kina Petroleum Corporation (PNG Overseas Company Number: 3-120494, ARBN: 629 063 547).

Company's Articles means the Company's Memorandum and Articles of Incorporation.

Directors mean the current directors of the Company.

eligible Shareholders, in relation to the Capital Return, has the meaning given to this term in item 3.6 of the Explanatory Memorandum.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Listing Rule means each of a:

- a) ASX Listing Rule; and
- b) PNGX Listing Rule.

Market Price means the VWAP of Shares on ASX over the five trading days up to and including the Share Buy-Back Closing Date, calculated to four decimal places, as determined by the Company.

Notice means the Notice of Meeting accompanying this Explanatory Memorandum.

PNGX means Port Moresby Stock Exchange Limited or the stock exchange of Port Moresby.

PNGX Listing Rules means the Listing Rules of the Port Moresby Stock Exchange.

Proxy Form means the proxy form for the General Meeting accompanying the Notice.

Record Date means **7.00 p.m. on Thursday, 24 December 2020** (AEST time).

Resolutions means each of the four Resolutions identified in the Notice of General Meeting.

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

Share Buy-Back means the on-market buy-back of up to 12,800,000 fully paid ordinary Shares with a value of up to \$1.28 million.

Share Buy-Back Closing Date has the meaning given to it in the Timetable.

Shareholder means a registered holder of Shares.

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Kina Petroleum Corporation
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: 1300 859 277 Overseas: +61 1300 859 277



X999999999999

PROXY FORM

I/We being a member(s) of Kina Petroleum Corporation and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:00 am (AEST) on Thursday, 31 December 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in: Online at <https://agmlive.link/KPEGM20>.

Please refer to details in the Online Platform Guide and the Notice of Meeting. You can view and download those on our website at <https://www2.asx.com.au/markets/company/kpe>.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*
1 APPROVAL OF THE REMOVAL OF THE COMPANY FROM THE OFFICIAL LISTS OF ASX AND PNGX	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 APPROVAL OF SHARE BUY-BACK	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 APPROVAL OF CAPITAL RETURN TO SHAREHOLDERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

KPE PRX2002N



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. If you leave this section blank, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00 am (AEST) on Tuesday, 29 December 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Kina Petroleum Corporation
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)



OFF-MARKET SHARE BUY-BACK AND CAPITAL RETURN BOOKLET

Kina Petroleum Corporation

PNG Overseas Company Number 3-120494

ARBN 629 063 547

THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY

If you are in any doubt as to the action you should take, you should consult your accountant, legal, financial or other professional adviser immediately.

This Booklet is dated 14 December 2020 and is current as at that date.

NOTICE TO FOREIGN SHAREHOLDERS

The distribution of this Booklet in some jurisdictions might be restricted by law and does not constitute an invitation to participate in any place where, or to any person to whom, it would be unlawful to do so. Persons who come into possession of this Booklet should seek advice on, and observe any restrictions on, distributing it. Copies of the Share Buy-Back Documents are not being mailed or otherwise distributed or sent outside Australia, Papua New Guinea or New Zealand, including into the United States and Canada. Any person receiving any of the Share Buy-Back Documents must not distribute or send them into the United States or Canada, or make them available to any Excluded Shareholder, including any person located in the United States or any resident of Canada.

PROPOSED SHARE BUY-BACK AND CAPITAL RETURN TIMETABLE

DATE	ACTION
Monday, 7 December 2020	Announcement Date - date on which the Share Buy-Back and Delistings were announced to ASX
Monday, 14 December 2020	Notice of Meeting released
7.00 pm on Thursday, 24 December 2020	Record date for voting at General Meeting
10.00 am on Tuesday, 29 December 2020, being 48 hours before the General Meeting is scheduled to commence	Deadline for submitting completed proxy forms to the Company in respect of the General Meeting
10.00 am on Thursday, 31 December 2020	General Meeting
Thursday, 31 December 2020	Confirmation of results of General Meeting
7.00 pm on Thursday, 7 January 2021	Share Buy-Back Initial Record Date
Commencement of trade on Friday, 8 January 2021	Commencement of Share Buy-Back
7.00 pm on Monday, 1 February 2021	Share Buy-Back Final Record Date
7.00 pm on Tuesday, 2 February 2021	Suspension Date
5.00 pm on Tuesday, 2 February 2021	Closing Date of Share Buy-Back
Wednesday, 3 February 2021	Payments to be made in respect of the Share Buy-Back
Close of market on Thursday, 4 February 2021	Removal Date
To be determined by the Directors, provided that this date is after the Removal Date.	Record date for determining participation in the Capital Return
To be determined by the Directors at the same time as the record date above is determined, provided that this date is	Payments to be made in respect of the Capital Return

also after the Removal Date.	
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*Dates and times subject to change by the Company or ASX and PNGX. All dates and times above are Sydney, Australia time.

KEY FEATURES OF THE SHARE BUY-BACK

Share Buy-Back offer	Under the Share Buy-Back, the Company offers to buy back Shares from each Eligible Shareholder for the Share Buy-Back Price, being an amount of \$0.10 per Share. Each Eligible Shareholder may accept the Company's offer under the Share Buy-Back in respect of all or only some of their Shares. There is no obligation to accept the Company's offer under the Share Buy-Back.
Share Buy-Back is conditional on Shareholder approvals	The Share Buy-Back is conditional on the Company obtaining Shareholder approval for both the Share Buy-Back and the Delistings at the General Meeting, which will be held on Thursday, 31 December 2020 at 10.00 am (AEST) at https://agmlive.link/KPEGM20 . The Share Buy-Back must be approved by a majority of Shareholders voting at the meeting, while the Delistings require the approval of a special resolution of Shareholders. If Shareholder approval of either the Share Buy-Back or the Delistings is not obtained at the General Meeting, the Share Buy-Back will not proceed.
Share Buy-Back Price	<p>Under the Share Buy-Back, the Company will offer to buy back from Shareholders their Shares at a price of \$0.10 per Share.</p> <p>This price reflects the maximum amount which the Company can offer to Shareholders (based upon the Buy-Back Cash Reserve) to enable an equal and orderly opportunity for each Shareholder to dispose of their entire shareholdings prior to the Delistings.</p> <p>Participating Shareholders will receive their payment in Australian dollars at the exchange rate listed at 5.00 pm on the RBA website on the Share Buy-Back Initial Record Date. A Shareholder may request through the Acceptance Form to receive their payment in US dollars. Payments in US dollars may be delayed by up to three Business Days because of the time required to process the requests once the Share Buy-Back facility has closed.</p>
Eligible Shareholders	Shareholders are eligible to participate in the Share Buy-Back if Shares are registered in their name on any date between on the Share Buy-Back Initial Record Date and the Share Buy-Back Final Record Date, they continue to hold those Shares at the time of accepting the Company's offer under the Share Buy-Back and they are not an Excluded Shareholder.
Excluded Shareholders	<p>Excluded Shareholders are Shareholders whom the Company is aware reside in a foreign jurisdiction where it would be either illegal under the laws of that jurisdiction or, in the Company's opinion, excessively costly, onerous and/or time consuming, to permit Shareholders residing in that jurisdiction to participate in the Share Buy-Back.</p> <p>Further details about Excluded Shareholders are contained in Section 5.1 of this Booklet.</p>
Share Buy-Back Initial Record Date	7.00 pm on Thursday, 7 January 2021
Share Buy-Back Final Record Date	7.00 pm on Monday, 1 February 2021
Closing Date	5.00 pm on Tuesday, 2 February 2021

KEY FEATURES OF THE CAPITAL RETURN

Size of Capital Return	The Company will fund the Capital Return using the amount of the Buy-Back Cash Reserve less the total amount expended in acquiring Shares pursuant to the Share Buy-Back.
Capital Return amount per Share	\$0.07 per Share. Eligible Shareholders will receive their payment in Australian dollars at the exchange rate listed at 5.00 pm on the RBA website on the record date for determining participation in the Capital Return. A Shareholder may request to receive their payments in US dollars by contacting the Company's Registry on +61 1300 859 277. Payments in US dollars may be delayed by up to three Business Days because of the time required to process the requests.
Eligible Shareholders	All Shareholders who hold Shares as at 7.00 pm on the record date for the Capital Return.
Excluded Shareholders	None.
Record date for determining participation in the Capital Return	To be determined by the Directors, provided that this date is after the Removal Date.
Payments to be made in respect of the Capital Return	Date to be determined by the Directors at the same time as the record date above is determined, provided that this date is also after the Removal Date.

INDEPENDENT ADVICE

This Share Buy-Back and Capital Return Booklet does not constitute financial product advice, investment advice or tax advice and has been prepared without taking into account your particular investment objectives, financial situation or needs. You should consider obtaining independent advice before making any financial decisions. The Directors of the Company make no recommendation as to whether or not you should participate in the Share Buy-Back.

1. **GENERAL**

This Share Buy-Back and Capital Return Booklet contains information on:

- (a) the Share Buy-Back to help you to make an informed decision on whether to participate in the Share Buy-Back; and
- (b) the Capital Return.

Capitalised words and expressions used in this Booklet are defined in the Glossary to this Booklet.

Unless otherwise stated, all references to sums of money, US\$, \$ and dollars are to United States dollars and all references to time are to Australian Eastern Standard Time.

2. **DETAILS OF THE SHARE BUY-BACK**

2.1 **Background to and purpose of the Share Buy-Back**

The Board has determined to request Shareholder approval at the Company's General Meeting for an off-market buy-back of Shares (the **Share Buy-Back**), which is conditional upon Shareholders approving the removal of the Company from the official lists of ASX and PNGX (the **Delistings**).

Further details of the Company's reasons for the Delistings are set out in section 4 of this Booklet and in the Notice of Meeting which was lodged on the ASX announcement platform on Monday, 14 December 2020.

The purpose of the proposed Share Buy-Back is to allow Shareholders to realise some or all of their investment in the Company using the Buy-Back Cash Reserve prior to the Delistings in a manner that will maintain an efficient and orderly market in the Shares.

2.2 **Approval of the Share Buy-Back**

For the Share Buy-Back to proceed, Shareholders must approve it under BVI law. In addition, the Share Buy-Back is conditional on Shareholders approving the Delistings at the General Meeting. If the Delistings are not approved by Shareholders at the General Meeting, the Share Buy-Back will not proceed.

The Share Buy-Back will be approved if more than 50% of votes cast at the General Meeting are cast in favour of both the Share Buy-Back.

The resolution for approval of the Share Buy-Back is conditional on the approval of the Delistings. This means that, if the special resolution for approval of the Delistings is not approved by Shareholders, the Share Buy-Back will not proceed because (unless subsequent proposed Delistings are approved by Shareholders or ASX determines that the Shares should no longer be listed) the Company will continue to be listed on ASX and PNGX.

2.3 **What is an off-market Share Buy-Back?**

Under a share buy-back, a company buys its own shares back from shareholders who elect to participate in the share buy-back offer. Shareholders may elect to participate in the Share Buy-Back at their discretion.

In an Australian company, the shares bought back are cancelled, reducing the total number of Shares on issue. The position is the same under BVI law.

In an off-market share buy-back offer, a company offers to buy shares from eligible shareholders who agree to sell some or all of their shares in the company.

A share buy-back is said to be 'off-market' when it is made to shareholders directly rather than through a share market.

Under the Share Buy-Back (which is subject to Shareholder approval of both the Share Buy-Back and the Delistings), the Company offers to buy back Shares from the Eligible Shareholders at the Share Buy-Back Price. Shareholders may accept the Share Buy-Back offer by using the Acceptance Form. If an Eligible Shareholder accepts the offer under the Share Buy-Back by submitting an Acceptance Form, then a Share Buy-Back Contract is formed on the terms and subject to the conditions set out in the Share Buy-Back Documents on the Share Buy-Back Date.

Further details on how to submit an Acceptance Form are set out in Section 3 of this Booklet.

2.4 **What are the advantages of the Share Buy-Back?**

The Board considers that the advantages and benefits of the Share Buy-Back are as follows:

- (a) The decision to participate in the Share Buy-Back is entirely voluntary and Eligible Shareholders may tailor their participation to suit their particular situation.
- (b) All Eligible Shareholders have an equal opportunity to participate in the Share Buy-Back.
- (c) The Board considers that the Share Buy-Back is a very effective way to provide liquidity to Shareholders for those Shareholders who wish to dispose of some or all of their Shares prior to the Delistings. The Board is of the view that the Share Buy-Back provides Shareholders with a better outcome than if the Company were not to make any facility available. Other mechanisms to return capital were also considered, but the Share Buy-Back was considered the most appropriate because it accommodates each Shareholder's preferences in respect of how many Shares it wishes to be bought back by the Company (if any).
- (d) You do not pay any brokerage to sell your Shares through the Share Buy-Back.
- (e) The Company believes that the Share Buy-Back will benefit all Shareholders, whether or not an Eligible Shareholder decides to participate. Shareholders who choose not to participate in the Share Buy-Back but retain their Shares are expected to benefit from the discount to the trading price achieved by the Company in the purchase of Shares through the Share Buy-Back. Earnings per Share will also increase due to the reduction in Shares on issue, although the ongoing market capitalisation of the Company will reflect a number of factors and will not solely be based on earnings per Share. Total Shareholder return will also be maintained due to the reduction in Shares on issue. The Company cannot, however, guarantee an increased earnings per Share or increased total Shareholder return in the future because this will depend on a number of factors, including competitive pressures and broader industry or Australian economic issues which may affect the Company's business and some of which are outside the Company's control.

Further information about the effect of the Share Buy-Back on the Company is set out in Section 5 of this Booklet.

2.5 **What are the disadvantages of the Share Buy-Back?**

The Board considers that the Share Buy-Back may have the following disadvantage to Shareholders:

- (a) the Company will be funding the proceeds of the Share Buy-Back from its available cash reserves. As a result, the cash reserves of the Company after the Share Buy-Back will be reduced by a maximum amount of \$1.28 million;

- (b) The Share Buy-Back Price has not been determined with reference to the enterprise value, net asset value or other valuation metric and is based solely on the Buy-Back Cash Reserve available to the Company. Accordingly, the Share Buy-Back Price is not necessarily reflective of the value of a Share and is at a 64% discount to the VWAP of the Shares in respect of the five trading days before the date on which the Company announced it was pursuing the Delistings; and
- (c) Eligible Shareholders who elect to participate in the Share Buy-Back will not benefit from the future prospects and growth of the Company and its business in respect of those Shares which are sold back to the Company. With the significant drop in oil price and the Covid-19 overhang there have been a number of significant changes to the PNG corporate landscape particularly in Western Province, including the withdrawal of Repsol, Horizon and Osaka Gas from the license in which Kina has an interest and from other licenses in the region. Hundreds of millions of dollars' worth of investment have been made by various companies evaluating discoveries in the foreland of Western Province. With all of these changes the Company sees new opportunities materialising and continue to evaluate opportunities (including corporate transactions) to enhance value to Shareholders. There is no certainty that any of these opportunities will come to fruition or, if any of them does come to fruition, that it will generate the anticipated returns for Shareholders. Shareholders should therefore exercise caution when deciding whether or not to participate in the Share Buy-Back (if it is approved by Shareholders at the General Meeting).

2.6 **Why might I choose not to participate in the Share Buy-Back?**

The decision to participate in the Share Buy-Back is entirely voluntary. Reasons you may choose not to participate include:

- (a) you do not wish to sell any of your Shares;
- (b) participating in the Share Buy-Back may not suit your personal tax situation;
- (c) you may be able to sell your Shares on ASX or PNGX for a price that is higher than the Share Buy-Back Price and provides you with a greater after-tax return than if you sold them through the Share Buy-Back, depending on your personal tax situation;
- (d) you may wish to retain your Shares to benefit from the Capital Return and any future growth or successes of the Company; and
- (e) you may wish to retain your Shares to benefit from holding a slightly larger percentage of the total Shares in the Company, and potential increased earnings per Share and total Shareholder return after completion of the Share Buy-Back.

2.7 **Will the Share Buy-Back proceed if the Share Buy-Back is not approved by Shareholders?**

No. If Shareholders do not approve the Share Buy-Back, the Share Buy-Back will not proceed.

2.8 **Will the Share Buy-Back proceed if the Delistings are not approved by Shareholders?**

No. The Share Buy-Back is conditional on Shareholders approving of the Delistings at the General Meeting. If the Delistings are not approved by Shareholders at the General Meeting, the Share Buy-Back will not proceed.

The Company is offering the Share Buy-Back as a means for allowing Shareholders to exit all or a portion of their investment in the Company prior to the Delistings. If the Delistings

are not going to occur, then there is no longer any reason for the Company to offer the Share Buy-Back.

2.9 Will the Delistings proceed if the Share Buy-Back is not approved by Shareholders, but the Delistings are approved by Shareholders?

Yes. The Delistings are not conditional on the Share Buy-Back being approved by Shareholders at the General Meeting. The Directors are of the view that it is no longer in the Company or the Shareholders' interests to remain listed on ASX or PNGX. The Share Buy-Back presents Shareholders with a convenient opportunity to realise some or all of their investment in the Company prior to the Delistings, but if Shareholders do not approve of the Share Buy-Back, then it does not change the Directors' views about the Delistings. Additionally, ASX's approval of the Delistings does not require the Company to undertake the Share Buy-Back prior to the Delistings.

2.10 How is the Company funding the Share Buy-Back?

The Company is funding the Share Buy-Back from its existing Buy-Back Cash Reserve.

2.11 What effect will the Share Buy-Back have on the control of the Company?

Given the percentage of issued Shares the Company expects to buy back under the Share Buy-Back and the concentrated nature of the Share Register, there will be no change of control implications arising from the Share Buy-Back.

2.12 Do I have to sell any of my Shares?

No. If you do not want to sell any of your Shares, you do not need to take any action. Participation in the Share Buy-Back is completely voluntary.

If you do not participate in the Share Buy-Back, the number of Shares that you hold in the Company will remain the same but your percentage holding in the Company will increase if other Shareholders elect to participate in the Share Buy-Back. You will also benefit from any improvement in earnings per Share and return on equity, and you will continue to be subject to the normal investment risks associated with Share ownership in the Company. The Company continues to pursue opportunities (including corporate transactions) to enhance value to Shareholders. There is no certainty that any of these opportunities will come to fruition or, if any of them does come to fruition, that it will generate the anticipated returns for Shareholders. Shareholders should therefore exercise caution when deciding whether or not to participate in the Share Buy-Back (if it is approved by Shareholders at the General Meeting).

However, you should be aware that, if you elect not to accept the Company's Share Buy-Back offer to acquire some or all of your Shares under the Share Buy-Back and the Delistings and Share Buy-Back are approved, unless you sell your Shares on market prior to the Suspension Date, you will hold Shares in an unlisted company (see Section 4 of this Booklet for further information).

2.13 Will I still receive any dividends if my Shares are bought back?

The Company currently does not propose to declare a dividend. If your Shares are bought back, you will not be entitled to receive any future dividends to which those Shares would otherwise have been entitled if they were not bought back and cancelled.

2.14 How many Shares will the Company buy back?

The Company is offering to buy back all Shares held by Eligible Shareholders, but the number of Shares which the Company buy back under the Share Buy-Back is dependent on the number of acceptances received from Eligible Shareholders.

The Company is aware that none of the Directors intends to accept the offer under the Share Buy-Back and there are no Excluded Shareholders as at the date of this Booklet. Accordingly, the Company could buy back up to a total of 10,654,926 Shares, representing approximately 83.13% of the issued share capital of the Company (in aggregate) as at the date of this Booklet and based on all other Eligible Shareholders accepting the offer under the Share Buy-Back in respect of all of their Shares. This is the maximum number of Shares which may be bought back, not the actual number that will be bought back.

2.15 Who may participate in the Share Buy-Back?

Eligible Shareholders who held Shares at any time between the Share Buy Back Initial Record Date and the Share Buy-Back Final Record Date (and still hold Shares up to the Share Buy-Back Date) may participate in the Share Buy-Back.

Certain foreign Shareholders whom the Company is aware reside in a jurisdiction where it would be either illegal under the laws of that jurisdiction or, in the Company's opinion, excessively costly, onerous and/or time consuming, to permit them to participate in the Share Buy-Back, are not entitled to participate in the Share Buy-Back. For details, see Section 5.1 of this Booklet.

2.16 Will all of my Shares be bought back?

You can choose to accept the Company's offer to buy back all of your Shares if you are an Eligible Shareholders. The Share Buy-Back is completely voluntary and there is no obligation to accept the offer under the Share Buy-Back at all or in respect of a particular number of your Shares.

2.17 How will I know how many of my Shares will be bought back?

The number of Shares which the Company will buy back from you is the number which you indicate you wish to sell to the Company in the Acceptance Form.

Once the Company has credited funds to Shareholders (see Section 2.19 of this Booklet), the Company will send all Shareholders who have accepted the Company's offer to buy back Shares under the Share Buy-Back a statement notifying them of the number of their Shares that have been bought back and the aggregate price paid for those Shares.

2.18 At what price will Shares be bought back?

\$0.10 per Share, being an amount determined by dividing the amount of the Buy-Back Cash Reserve by the number of issued Shares as at the date of the Notice of Meeting.

For each Share purchased under the Share Buy-Back, Shareholders will receive a cash amount which is equal to the Share Buy-Back Price.

Participating Shareholders will receive their payment in Australian dollars at the exchange rate listed at 5.00 pm on the RBA website on the Share Buy-Back Initial Record Date. A Shareholder may request through the Acceptance Form to receive their payment in US dollars. Payments in US dollars may be delayed by up to three Business Days because of the time required to process the requests once the Share Buy-Back facility has closed.

2.19 When and how will I receive payment for Shares bought back?

The Company will send all Shareholders who have accepted the Company's offer to buy back Shares under the Share Buy-Back a statement on or about Wednesday, 3 February 2021 notifying them of the number of Shares that have been bought back, which will be accompanied by a direct credit confirmation advice or a cheque for the proceeds in Australian currency.

If the Company holds bank account details for you, these will be printed on your personalised Acceptance Form and you do not need to provide new details unless you wish to change them. If the Company does not hold bank account details for you, you need to complete the relevant section on your personalised Acceptance Form and these details will be used for the payment of the Share Buy-Back Price (and for any future dividend payments, to the extent you continue to hold any Shares after the Share Buy-Back is completed). You cannot use a United States bank account for payments in respect of the Share Buy-Back.

2.20 How long will the Share Buy-Back offer be open?

The Share Buy-Back offer will open at 9.00 am on Friday, 8 January 2021 and remain open until 5.00 pm on Tuesday, 2 February 2021. The Board may, at its discretion, extend the offer period for the Share Buy-Back. If the offer period for the Share Buy-Back is extended, the new Closing Date will be announced to ASX and PNGX.

To the extent permitted by law, an acceptance under the Share Buy-Back is irrevocable.

2.21 How are my voting rights affected by the Share Buy-Back if I submit an Acceptance Form?

Holders of Shares are entitled to vote at any meeting of the Company that is held before the Share Buy-Back Date. There is no general meeting scheduled before the Share Buy-Back Date.

After the Share Buy-Back Date, you can vote at meetings if you continue to hold at least one Share.

2.22 Can I trade my Shares after submitting an Acceptance Form?

Once you have submitted an Acceptance Form, you cannot:

- (a) sell, transfer or otherwise deal with the Shares which you have sold into the Share Buy-Back until after 5.00 pm on Tuesday, 2 February 2021;
- (b) convert those Shares from an Issuer Sponsored Holding to a CHES Holding or *vice versa*; or
- (c) move them between CHES Holdings (for instance, if you change your controlling CHES participant).

Once you have submitted an Acceptance Form in respect of some or all of your Shares, the Registry will place the relevant number of Shares in a "sub-position" in the Share Register and you will not be able to trade those Shares until commencement of trade on Wednesday, 3 February 2021 (being the next Business Day after the Share Buy-Back Date). At this point, however, the Delistings will have occurred.

If, on the Share Buy-Back Date, you do not hold at least the number of Shares you tendered for sale into the Share Buy-Back, the Company may (in its absolute discretion) reject your acceptance(s) or treat your acceptance(s) as if you had tendered the number of Shares held by you at the Share Buy-Back Date.

You may sell or otherwise deal with any Shares not sold into the Share Buy-Back in the ordinary manner. However, if the Delistings and the Share Buy-Back are approved by Shareholders at the General Meeting, Shareholders who have chosen not to sell their Shares into the Share Buy-Back, or still hold Shares after selling some of their Shares into the Share Buy-Back, will only be able to trade their Shares on ASX or PNGX up until the Suspension Date.

After the Removal Date, Shares will only be capable of sale by private off-market transaction with a willing third party purchaser in accordance with the Company's Articles of Association. Such a third party market may not be liquid and Shareholders will be personally responsible for sourcing potential purchasers of their Shares. This may present difficulties to selling Shareholders.

After Tuesday, 2 February 2021, you may sell or otherwise deal with any of your Shares not bought back by the Company.

2.23 If I purchase other Shares on ASX or PNGX during the Offer Period, can I accept the offer under the Share Buy-Back in respect those Shares?

Yes. You may submit an Acceptance Form in respect of any Shares that are registered in your name at any time from the Share Buy-Back Initial Record Date to the Share Buy-Back Final Record Date.

2.24 Can I transfer my rights to participate in the Share Buy-Back?

No. These rights are personal to you and are not transferable. You are, however, allowed to continue selling your Shares on ASX or PNGX and any person who buys your Shares and becomes registered as a Shareholder before the Share Buy-Back Final Record Date will be permitted to accept the Company's offer under the Share Buy-Back.

2.25 What happens if I do not accept the Company's offer to buy back my Shares under the Share Buy-Back?

If you do not accept the offer to sell some or all of your Shares into the Share Buy-Back, you will retain some or all of your Shares (as applicable).

If Shareholders approve the Delistings at the General Meeting, the Company will be removed from the Official Lists of ASX and PNGX on Thursday, 4 February 2021. All Shareholders who retain an investment in the Company after the Removal Date will be eligible to receive payment from the Company pursuant to the Capital Return.

See Section 4 of this Booklet for further information on the Delistings.

2.26 Are the Directors participating in the Share Buy-Back?

No, each of the Directors has confirmed that he or she will not participate in the Share Buy-Back and that they plan to continue to hold their Shares in the Company for the foreseeable future.

2.27 What effect will the Share Buy-Back have on the Company?

The Notice of Meeting explains the effect of the Share Buy-Back on the Company, including the impact on the Company's capital reserves. Shareholders should read this information carefully.

The completion of the Share Buy-Back will not reduce the Share price to less than \$0.20.

3. HOW TO SUBMIT YOUR ACCEPTANCE FORM

3.1 How do I participate in the Share Buy-Back?

It is important that you read this Booklet in full before deciding whether or not to participate in the Share Buy-Back. This Section provides instructions on how to complete your Acceptance Form to participate in the Share Buy-Back.

If you require assistance to complete your Acceptance Forms, please contact the Company's Share Buy-Back enquiry line on +61 1300 859 277.

Step 1: Decide if you wish to sell Shares under the Share Buy-Back

To participate in the Share Buy-Back, you first need to decide if you wish to sell Shares under the Share Buy-Back and, if so, you will need to complete an Acceptance Form.

Step 2: Submitting your Acceptance Form

If you would like to participate in the Share Buy-Back, you need to complete and sign your personalised Acceptance Form and return it to the Registry as set out below.

Acceptances must be received no later than 5.00 pm on Tuesday, 2 February 2021 unless the Company announces a later Closing Date.

Send by mail to:

Kina Petroleum Corporation
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

If you need to instruct your controlling CHES participant, please ensure you do so in sufficient time for them to process your instructions no later than 5.00 pm on Tuesday, 2 February 2021.

If you return your completed Acceptance Form to the Registry instead of to your controlling CHES participant, the Registry will endeavour to contact your controlling CHES participant on your behalf and relay your instructions. It is your controlling CHES participant's responsibility to acknowledge and accept these instructions, so please ensure you allow sufficient time to do so. Neither the Company nor the Registry will be responsible should your controlling CHES participant not acknowledge and accept your instructions.

Once you have submitted an Acceptance Form, you should not, before the Share Buy-Back Date, sell or offer to sell to others the Shares you have nominated to sell into the Share Buy-Back.

The Company will not accept an Acceptance Form from you unless it is actually received at the address noted above by 5.00 pm on Tuesday, 2 February 2021. You should allow sufficient time for sending your Acceptance Form by mail.

3.2 Can I withdraw or amend an Acceptance?

No. To the extent permitted by law, an Acceptance Form under the Share Buy-Back is irrevocable.

3.3 How can I obtain additional Acceptance Forms?

If you require an additional or a replacement Acceptance Form, please call the Company's Registry on +61 1300 859 277.

4. DELISTINGS OF THE COMPANY FROM ASX AND PNGX

In deciding whether to accept the Share Buy-Back Offer for some or all of your Shares, Shareholders should be aware that the Company is proposing to delist from ASX and PNGX (subject to Shareholder approval of the Delistings being obtained at the General Meeting).

This Section sets out an overview of the proposed Delistings, the implications of the Delistings and the intentions for the Company should the Delistings and Share Buy-Back be approved by Shareholders. Further information about the Delistings process and reasons for the Delistings are set out in the Notice of Meeting. Further information about the alternatives available to Shareholders with respect to their holdings is set out in the Notice of Meeting.

4.1 **Reasons for Delistings**

The Board's key reasons for recommending the Delistings are as follows:

- (a) **Small trading volumes having disproportionate effect on Share price** – In the 18 months since relisting, the Shares traded on only 36 days and the Share price declined from \$1.80 to \$0.38 based the trading of 232,710 Shares, or less than 2% of the Company's total float. The low liquidity creates significant volatility in the Share price and from limited trading with a disproportionate impact on the Share price. The Directors believe that this phenomenon results in a Share price that is not reflective of the true value of the Company.
- (b) **Inability to raise capital at prices reflective of underlying asset value** – The Directors consider that, while the Shares remain listed on ASX and PNGX and trading at a significant discount to that of comparable companies with high price volatility, the prospects of raising funds on ASX or PNGX at a price commensurate with underlying value are poor and any future capital raising at current market prices will have a very significant dilutionary impact on all Shareholders.
- (c) **Minimal liquidity and investor interest due to highly concentrated shareholdings** – The Company's Share Register is highly concentrated. At present, approximately 86% of the Shares are held by the top 20 Shareholders, most of whom the Company believes to be long term investors without intent to reduce their respective holdings for the foreseeable future. As a result, there is very limited liquidity in the Shares, and the Directors believe it is unlikely that there will be any substantial increase in liquidity in the foreseeable future. The Directors are of the view that this concentration of ownership amongst a relatively small number of Shareholders and consequent limited 'free float' of the Shares on ASX and PNGX limits investor interest in trading the Shares via ASX or PNGX. Immediately after the Delistings, Shareholders can trade in Shares through a private sale process. In the medium term, the Company intends to list on a US exchange to take advantage of the larger capital pool available for oil and gas entities. This will depend entirely on external factors such as oil and gas prices and the political situation in PNG.
- (d) **High ongoing costs** – In view of the foregoing, the Directors believe that the financial, administrative, and compliance obligations and costs associated with, and executive time involved in, maintaining the ASX and PNGX listings outweigh the benefits of the continued listings and so can no longer be justified. This is particularly the case given the ongoing low trading volumes in the Shares. Furthermore, the savings arising from Delistings could be better directed elsewhere to benefit the Shareholders. The Company anticipates that it will save approximately \$1 million per year, including staff costs (with both the CEO and CFO of the Company to be made redundant), direct ASX and PNGX costs, compliance costs and administration costs. The Company does not anticipate that it will incur any additional expenses if it is removed from the official lists of ASX and PNGX.

4.2 **Effect of Delistings on Shareholdings**

If Shareholders approve the Delistings of the Company, the Company will be removed from the official lists of ASX and PNGX at close of market on Thursday, 4 February 2021 (**Removal Date**). The Removal Date of Thursday, 4 February 2021 is not earlier than one

month after the date Shareholder approval would be given (ie Thursday, 31 December 2020).

Shares may continue to be traded on ASX or PNGX until Tuesday, 2 February 2021, after which time trading will be suspended until the Removal Date. By Tuesday, 2 February 2021, Shareholders who wish to sell their Shares will have been given more than 6 weeks from the date of the announcement to ASX on Monday, 7 December 2020 regarding the proposed Delistings to seek to trade their Shares on ASX or PNGX if they wish to exit the Company prior to the Removal Date.

Upon the Delistings taking effect on the Removal Date, the Shares will no longer be quoted or traded on ASX or PNGX. The Share Buy-Back facility will give all Shareholders the potential opportunity to realise some or all of their investment in the Company. In addition, after the Removal Date Shareholders will be able to sell their Shares via off-market private transactions (which will require Shareholders to identify and agree terms with potential purchasers of Shares).

For Shareholders who do not wish to sell their Shares and exit prior to the Delistings, the Board intends to implement a return of capital by way of an equal capital reduction that applies to all Shareholders remaining in the Company following the Delistings in proportion to the number of Shares held by them (**Capital Return**). See Section 6 of this Booklet for further information.

4.3 **How will the Company be regulated after the Delistings?**

After the Delistings, the Company will be a BVI corporation, which will be primarily governed by BVI general corporation law.

If the Company is delisted, it will no longer be subject to the ASX Listing Rules and, as a BVI corporation, as is the case at present, many of the provisions of the Corporations Act will not apply to the Company. Under section 111AC of the Corporations Act, the Company will become an unlisted disclosing entity and will continue to be bound by the continuous disclosure obligations under the Corporations Act.

4.4 **Further information**

The Notice of Meeting sets out some of the implications of the Delistings for the Company and some potential advantages, disadvantages and risks for Shareholders if the Delistings proceeds. You should read these carefully in deciding whether or not to participate in the Share Buy-Back.

If you have any queries regarding the Delistings or whether or not to participate in the Share Buy-Back, you should consult your professional adviser.

The Board recommends that Shareholders seek legal, financial and tax advice about the potential impact the Delistings and whether or not to participate in the Share Buy-Back, including the potential advantages and disadvantages of holding shares in an unlisted BVI company.

5. **ADDITIONAL INFORMATION ON THE SHARE BUY-BACK**

5.1 **Excluded Shareholders**

Any person holding Shares:

- (a) to whom the Company would be prohibited from paying money pursuant to:
 - (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);

- (ii) Part 4 of the Charter of the *United Nations Act 1945* (Cth), the *Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002* (Cth), the *Charter of United Nations (Sanctions—Afghanistan) Regulations 2001* (Cth) and the *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003* (Cth);
 - (iii) the *Criminal Code Act 1995* (Cth); or
 - (iv) any other act, rule or regulation prohibiting the Company from making payments to Excluded Shareholders;
- (b) whose address on the Company's Share Register is outside Australia unless the Company is satisfied that it is lawful and practicable to extend the Share Buy-Back offer into those jurisdictions; or
- (c) who the Company is aware resides in a foreign jurisdiction where it would be either illegal under the laws of that jurisdiction or, in the opinion of the Company, excessively costly, onerous and/or time consuming, to permit holders residing in that jurisdiction to participate in the Share Buy-Back,

is an **Excluded Shareholder**.

The Company is not offering the Share Buy-Back to Excluded Shareholders. Without limiting the rights the Company otherwise has in relation to acceptances, the Company will not accept an Acceptance Form submitted by an Excluded Shareholder.

The Company also reserves the right to reject offers to the extent necessary, as determined by the Company, to ensure that it, or any other person, is not at risk of breaching, and does not breach, any Australian or foreign laws (such persons excluded also being Excluded Shareholders).

By submitting an Acceptance Form, you are deemed to represent and warrant to the Company that you are not an Excluded Shareholder.

5.2 **Shares held by trustees and nominees**

Trustees and nominees who hold Shares should inform the beneficial owners of the Shares about the Share Buy-Back, subject to any legal restrictions in the countries where those beneficial owners are resident and provided that those persons are not Excluded Shareholders, and then aggregate all Acceptance Forms received from beneficial owners. It is the responsibility of the trustee or nominee to complete Acceptance Forms on behalf of, and in accordance with instructions from, all beneficial owners.

5.3 **Margin lending arrangement**

If you hold Shares under margin lending arrangements or if they are held as security for a loan, you should ensure that your participation in the Share Buy-Back is permitted by those margin lending arrangements or that loan and security documentation.

5.4 **Shareholders with more than one holding of Shares**

You will receive a personalised Acceptance Form for each separate holding of Shares (for example, if you hold some Shares in your name and some Shares jointly with your spouse, you will receive two Acceptance Forms). You may sell Shares into the Share Buy-Back from any or all of your separate registered holdings, provided that you complete the Acceptance Forms and follow the instructions for each holding you wish to sell into the Share Buy-Back.

5.5 **Joint Shareholders**

If you hold your Shares jointly with another person (for example, your spouse), you must complete and return any Acceptance Forms in accordance with instructions for joint holdings on the Acceptance Forms.

5.6 **Restrictions on payment of Share Buy-Back proceeds**

The Company will pay Shareholders the Share Buy-Back Price for each of their Shares that are bought back, unless the Company is prohibited from doing so.

5.7 **Effect of submitting an Acceptance Form**

An Acceptance Form constitutes an acceptance of the Company's offer to buy from an Eligible Shareholder, and an agreement by an Eligible Shareholder to sell to the Company, the Share Buy-Back Shares on the terms and conditions set out in the Share Buy-Back Documents. An Acceptance Form constitutes a binding Share Buy-Back Contract which is formed between you and the Company, subject to the satisfaction of the Shareholder approval conditions, and you must sell to the Company the Shares that you have agreed to sell to the Company on the terms and conditions set out in the Share Buy-Back Documents, including the terms and conditions set out below.

By submitting an Acceptance Form you:

- (a) agree to the terms and conditions set out in the Share Buy-Back Documents;
- (b) agree that you will sell to the Company on the Share Buy-Back Date the number of Shares nominated for sale on your Acceptance Form and otherwise as determined in accordance with this Booklet;
- (c) represent and warrant to the Company that at all times after you agree to sell your Shares pursuant to the Share Buy-Back, and on the Share Buy-Back Date, you are the registered holder of the Shares that you have agreed to sell pursuant to the Share Buy-Back and that they are free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third party rights and are otherwise able to be sold by you;
- (d) represent and warrant to the Company on the Share Buy-Back Date that you have not sold, dealt with, agreed to sell or otherwise deal in the Shares nominated for sale on your Acceptance Form;
- (e) represent and warrant that you are a person to whom the Share Buy-Back offer may lawfully be made and whose participation in the Share Buy-Back is permitted under the laws of the jurisdiction in which you are resident;
- (f) represent and warrant that you are not (nor are you acting on behalf of or for the account of) an Excluded Shareholder;
- (g) authorise the Company (and its officers, employees, agents or contractors) to correct any error in, or omission from, your Acceptance Form(s), and to insert any missing details;
- (h) undertake not to sell or offer to sell Shares to any other person if, as a result, you will at any time after you submit your Acceptance Form until the Share Buy-Back Date hold fewer Shares than the number of Shares in respect of which you have accepted the offer on your Acceptance Form;
- (i) acknowledge that neither the Company nor any other party involved in the Share Buy-Back has provided you with financial product advice, or any Shares

recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Share Buy-Back;

- (j) authorise the Company to make payment in Australian currency by direct credit to your nominated account listed on your Acceptance Form;
- (k) acknowledge that despatch of payment as set out above satisfies the Company's obligations to make payment to you for the Shares bought back;
- (l) you have not distributed or sent any Share Buy-Back Documents or other document referring to the Share Buy-Back into the United States or Canada or to any US Person, resident of Canada or a person who is otherwise an Excluded Shareholder;
- (m) you have not utilised in connection with the Share Buy-Back, directly or indirectly, mail or any means or instrumentality (including, without limitation, facsimile transmission, telephone and internet) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States;
- (n) you agree that damages are not an adequate remedy for breach of the agreements and undertakings and warranties in this Section 5.7 and the Acceptance Forms; and
- (o) undertake that if you breach any of the agreements, covenants, undertakings or warranties in this Section 5.7 or the Acceptance Form(s), you will indemnify the Company for all its costs arising from the breach.

You will be taken to have submitted an Acceptance Form when the Registry receives a validly completed Acceptance Form from you.

5.8 Declining the Share Buy-Back

You may choose not to participate in the Share Buy-Back and continue to hold all of your Shares. In this case, no action is required by you.

See Section 4 of this Booklet and the Notice of Meeting for more information on the effects and implications of the Share Buy-Back and Delistings on the Company.

5.9 The Company's right to accept or reject Acceptance Forms

At any time, the Company may (at its sole discretion):

- (a) accept or reject an Acceptance Form not made on the terms and conditions set out in the Share Buy-Back Documents, or an Acceptance Form not submitted in accordance with the procedures set out in the Share Buy-Back Documents; or
- (b) amend the Share Buy-Back at any time prior to the date on which the Company enters into Share Buy-Back Contract, with any such decision occurring by the Share Buy-Back Date.

The Company will not accept Acceptance Forms that have been postmarked in the United States or that otherwise appear to the Company or its agents to have been sent from the United States or by an Excluded Shareholder.

5.10 The Company's right to waive requirements and correct errors

The Company may, in its absolute discretion and at any time, deem any Acceptance Form it receives to be a valid acceptance, disregard any Acceptance Form it believes should be disregarded and waive any or all requirements for making, amending or withdrawing an

Acceptance Form. It may do each of these things in relation to some, all or any number of Acceptance Forms it receives.

5.11 **The Company's right to adjust Acceptance Forms**

You are entitled to sell into the Share Buy-Back Shares registered in your name at any time from the Share Buy-Back Initial Record Date up to the Share Buy-Back Final Record Date (and which, in accordance with the applicable settlement rules, confer an entitlement to participate in the Share Buy-Back) (your **Entitled Shares**).

If you submit one Acceptance Form for more than your Entitled Shares and the Company accepts your Acceptance Form, the Company will buy back a maximum of the number of your Entitled Shares.

Once you have submitted an Acceptance Form in respect of some or all of your Entitled Shares, the Registry will place the relevant number of Shares in a "sub-position" in the Share Register and you will not be able to trade those Shares until Wednesday, 3 February 2021 (being the next Business Day after the Share Buy-Back Date).

If, on the Share Buy-Back Date, you do not hold at least the number of Shares in respect of which you submitted an Acceptance Form, the Company may (in its absolute discretion) reject your Acceptance Form(s) or treat your Acceptance Form(s) as if you had accepted the offer under the Share Buy-Back in respect of the number of Shares held by you at the Share Buy-Back Date.

5.12 **The Company's rights to vary dates and times or to terminate the Share Buy-Back**

While the Company does not anticipate changing any of the dates and times set out in the Share Buy-Back Documents, it reserves the right to vary them. Any change in date or time will take effect from the time it is authorised by the Board and will be publicly announced on ASX, on PNGX and on the Company's website as soon as practicable following the Board's authorisation. Any such change will be taken to amend this Booklet (and the other Share Buy-Back Documents) accordingly without any other notice. The Company may also decide not to proceed with the Share Buy-Back at all. Without limitation, the Company reserves the right to terminate the Share Buy-Back at any time prior to the Share Buy-Back Date (which is the date on which the Company enters into Share Buy-Back Contracts) by making an announcement on ASX, on PNGX and on its website to that effect.

5.13 **Directors' Interests**

As at the date of this Booklet, the Directors held or had a relevant interest in the following Shares:

Director	Shares
Richard Schroder	525,079
Barry Tan	603,916
Dr Ila Temu	37,180
Alain Vinson	971,851
David Vance	23,838

5.14 **Continuous disclosure**

The Company is currently a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require the Company to continuously notify ASX of information about specific events and matters for the purposes of making that information available to the market. In particular, the Company is required by the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of Shares.

The Company may disclose information to ASX and PNGX after the date of this Booklet, but before it buys back Shares which may be relevant to the Share Buy-Back or which qualifies statements made in the Share Buy-Back Documents. Where the Company discloses such information which affects the Share Buy-Back, it will do so by announcing it to ASX and PNGX, rather than sending it to Shareholders, except where otherwise required by law. You can access the information that the Company discloses to ASX or PNGX on ASX's website at www.asx.com.au or PNGX's website at www.pngx.com.pg.

5.15 **Privacy**

The Share Buy-Back requires the collection of personal information contained in the Acceptance Forms to enable the Company to process your acceptance. If you do not provide this information, the Company may be hindered in, or prevented from, processing your Acceptance Form(s).

The personal information collected by the Company will only be disclosed to:

- (a) Link Market Services Limited, in its capacity as the Company's Registry;
- (b) a print and mail service provider;
- (c) the Company's advisers in relation to the Share Buy-Back;
- (d) financial institutions in respect of payments to you in connection with the Share Buy-Back; and
- (e) as authorised or required by law.

If you wish to access the information collected by the Company in relation to your Shareholding, please write to the Company, c/- Link Market Services Limited, at the mailing address set out in this Booklet.

5.16 **Applicable law**

The Share Buy-Back Documents, your Acceptance Form(s) and any Share Buy-Back Contract(s) entered into in connection with the Share Buy-Back will be governed by the laws of New South Wales, Australia.

6. **DETAILS OF THE CAPITAL RETURN**

6.1 **Background to and purpose of the Capital Return**

The purpose of the proposed Capital Return is to return a portion of the Buy-Back Cash Reserve (or the remaining funds from the Buy-Back Cash Reserve following the Share Buy-Back, if the Share Buy-Back is approved by Shareholders at the General Meeting) in an equitable and efficient manner to Shareholders.

The Capital Return will be an equal reduction of the share capital of the Company and will be satisfied by payment by the Company on a date to be determined of the Capital Return Consideration in cash to eligible Shareholders. An equal reduction applies to each holder of Shares in proportion to the number of Shares they hold and the terms of reduction are the same for each holder of Shares.

6.2 **Approval of the Capital Return**

For the Capital Return to proceed, it must be approved by Shareholders as required by BVI law. In addition, the Capital Return is conditional on Shareholders approving the Delistings at the General Meeting, but is not conditional on Shareholders approving the Share Buy-Back at the General Meeting. If the Delistings are not approved by Shareholders at the General Meeting, the Capital Return will not proceed. However, if the Delistings are approved, but the Share Buy-Back is not approved, by Shareholders at the General Meeting, the Capital Return will proceed.

Subject to the above, the Capital Return will be approved if more than 50% of votes cast at the General Meeting on the resolution relating to the Capital Return are cast in favour of the Capital Return.

6.3 **What are the advantages of the Capital Return?**

The Board is of the view that the Capital Return is the preferred mechanism to return capital to Shareholders after the Delistings because:

- (a) the Capital Return applies to all Shareholders equally in proportion to the number of Shares they hold;
- (b) all Shareholders will receive \$0.07 per Share they hold as at the relevant record date and their proportionate interest in the Company will remain unchanged; and
- (c) due to the amount of capital proposed to be returned, the Capital Return provides certainty of execution.

6.4 **What are the disadvantages of the Capital Return?**

The Board considers the only significant disadvantage of the proposed Capital Return is that it will reduce the Company's cash on hand and Shareholders' equity by the amount of cash that will be returned to Shareholders. However, the Board considers that the amount of cash remaining will be sufficient for the Company's immediate and foreseeable requirements.

6.5 **Will the Capital Return proceed if the Capital Return is not approved by Shareholders?**

No. If Shareholders do not approve the Capital Return, the Capital Return will not proceed.

6.6 **Will the Capital Return proceed if the Delistings and Share Buy-Back are not approved by Shareholders?**

The Capital Return is conditional on Shareholders approving the Delistings at the General Meeting. The Capital Return is not conditional on Shareholders approving the Share Buy-Back at the General Meeting. Accordingly, if the Delistings are not approved by Shareholders at the General Meeting, the Capital Return will not proceed. However, if the Delistings are approved, but the Share Buy-Back is not approved, by Shareholders at the General Meeting, the Capital Return will proceed.

6.7 Will the Delistings proceed if the Capital Return is not approved by Shareholders, but the Delistings are approved by Shareholders?

Yes. The Delistings are not conditional on Shareholders approving the Capital Return at the General Meeting.

6.8 How is the Company funding the Capital Return?

The Capital Return will be funded by the Buy-Back Cash Reserve (or the remaining Buy-Back Cash Reserve after the Share Buy-Back is implemented, if the Share Buy-Back is approved by Shareholders at the General Meeting) and will reduce the Company's cash balance by the amount of capital returned to Shareholders.

6.9 Who is eligible for the Capital Return?

The Directors will meet in due course to determine the record date for the Capital Return. This record date will be a date after the Removal Date. The Company will notify Shareholders in due course about the record date of the Capital Return.

6.10 When and how will I receive the Capital Return?

If Shareholders approve the proposed Capital Return and it is implemented, payment of the Capital Return will be made to eligible Shareholders on a date to be determined by the Board, in its sole discretion, provided that such date is after the Removal Date. Shareholders eligible to receive payments pursuant to the Capital Return are those Shareholders who are registered holders of Shares in the Company at the date and time to be determined by the Board above.

If you have an existing direct credit authority recorded with the Registry by 5.00 pm on the date on which the Board determines that the Company will implement the Capital Return, the Capital Return will be credited to your nominated bank account. Otherwise, the Company will send you a cheque for the proceeds due to you.

If you want to receive payment in a different account from your current direct credit instructions or by cheque, you may change your current direct credit instructions by providing written instructions to the Registry before 5.00 pm on the record date for the Capital Return determined by the Board. Please note that if you do alter your nominated bank account details, this will be taken to be your nominated bank account for future dividend payments or other purposes.

Unless written advice to the contrary is received by the Registry prior to 5.00 pm on the record date for the Capital Return determined by the Board, cheques or direct credit confirmations will be sent to your address as recorded on the Company's Share Register on the record date for the Capital Return determined by the Board. It is your responsibility to inform the Registry of any changes to your contact details.

Eligible Shareholders will receive their payment in Australian dollars at the exchange rate listed at 5.00 pm on the RBA website on the record date for determining participation in the Capital Return. A Shareholder may request to receive their payments in US dollars by contacting the Company's Registry on +61 1300 859 277. Payments in US dollars may be delayed by up to three Business Days because of the time required to process the requests.

6.11 What effect will the Capital Return have on the Company?

After the Capital Return, the number of Shares in the Company on issue will remain the same as there will be no cancellation of Shares.

The completion of the Capital Return will not reduce the Share price to less than \$0.20.

7. **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this Booklet may constitute 'forward-looking statements' for the purposes of applicable securities laws. The Company undertakes no obligation to revise the forward-looking statements included in this Booklet to reflect any future circumstances or events. The Company's actual achievement, performance or results could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences include the number of Shares bought back pursuant to the Share Buy-Back Documents, the Share Buy-Back Price and general economic and trading conditions affecting the Company and some of which are outside the Company's control. Further information about the Company, its business and factors affecting its operations is contained in the Kina Petroleum Corporation Annual Report 2020 and other reports which can be found at <https://www.kinapetroleum.com/investor-information>.

GLOSSARY

In this Booklet, the following definitions apply:

Reference	Definition
US\$, \$ or dollar	United States Dollars
Acceptance Form	an acceptance form upon which a Shareholder can accept the Company's offer under the Share Buy-Back
Announcement Date	the date the Company announced the Delistings, the Share Buy-Back and the Capital Return on ASX and PNGX, being Monday, 7 December 2020
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691) or the market it operates, as the context requires
ASX Listing Rules	the listing rules of ASX as amended or waived from time to time
ASX Official List	the official list of ASX
Board	the board of Directors of the Company
Booklet or Share Buy-Back and Capital Return Booklet	this booklet (whether in paper or electronic format) sent to Shareholders
Business Day	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in New South Wales.
Buy-Back Cash Reserve	an amount of up to \$1.28 million of the Company's available cash resources
BVI	British Virgin Islands
Capital Return	the proposed return of capital by way of an equal capital reduction that applies to all Shareholders in the Company following the Delistings in proportion to the number of Shares held by them
Capital Return Consideration	the aggregate amount to be returned to the Shareholders pursuant to the Capital Return
CHESS	the Clearing House Electronic Subregister System
CHESS Holding	a holding of Shares on the CHESS subregister of the Company
Closing Date	close of the Share Buy-Back facility, being 5.00 pm on Tuesday, 2 February 2021
Company	Kina Petroleum Corporation (PNG Overseas Company Number 3-120494 and ARBN 629 063 547)
Corporations Act	the Australian <i>Corporations Act 2001</i> (Cth)

Reference	Definition
Delistings	the removal of the Company from the ASX Official List and the PNGX Official List
Director	a director of the Company
Eligible Shareholder	a Shareholder who was the registered holder of Shares on the record date for determining participation in the Share Buy-Back (and who continues to hold Shares at the Buy Back Date)
Excluded Shareholder	any person excluded from the Share Buy-Back as determined in accordance with Section 5.1 of this Booklet
General Meeting	the General Meeting of the Shareholders of the Company to be held at 10.00 am on Thursday, 31 December 2020
Issuer Sponsored Holding	a holding of Shares on the issuer sponsored subregister of the Company
Market Price	the VWAP of Shares on ASX over the five trading days up to and including the Closing Date calculated to four decimal places, as determined by the Company
Notice of Meeting	the notice of meeting, explanatory statement and proxy form for the General Meeting despatched to Shareholders on Monday, 14 December 2020
Offer Period	the period between Friday, 8 January 2021 and 5.00 pm on the Closing Date when holders can submit Acceptance Forms under the Share Buy-Back
PNGX	PNG's National Stock Exchange
PNGX Official List	the official list of PNGX
Registry	Link Market Services Limited
Removal Date	the date on which the Company is removed from the Official Lists of ASX and PNGX, being close of market on Thursday, 4 February 2021
Share	a fully paid ordinary share in the capital of the Company, and Shares will be construed accordingly
Share Buy-Back	the proposed off-market share buy-back to be undertaken by the Company, the details of which are set out in this Booklet
Share Buy-Back Contract	subject to the satisfaction (or waiver by the Company) of any conditions relating to the Share Buy-Back, the contract formed between an Eligible Shareholders who submits a properly completed and signed Acceptance Form and the Company on the Share Buy-Back Date in respect of the Shares nominated in the that Acceptance Form
Share Buy-Back Date	5.00 pm on Tuesday, 2 February 2021
Share Buy-Back Documents	this Booklet, the Notice of Meeting and the Acceptance Forms

Reference	Definition
Share Buy-Back Initial Record Date	the initial date for determining participation in the Share Buy-Back, being 7.00 pm on Thursday, 7 January 2021
Share Buy-Back Final Record Date	the final date for determining participation in the Share Buy-Back, being 7.00 pm on Monday, 1 February 2021
Share Buy-Back Price	\$0.10 per Share
Share Register	the share register of the Company
Shareholder	the registered holder of a Share in the Company
Suspension Date	the date on which the Shares are suspended from trading on ASX and PNGX, which is expected to be 7.00 pm on Tuesday, 2 February 2021
US Person	has the meaning given by Regulation S under the United States Securities Act of 1933, as amended
VWAP	the volume weighted average price of a Share over a period, including all trades on ASX's trading platform, including the closing single price auction, but excluding all off-market trades, including transactions defined in the operating rules of the ASX for the purposes of the Corporations Act as special crossings, crossings prior to commencement of the open session state, crossings during overnight trading, overseas trades, trades pursuant to the exercise of options over Shares, and any other trades that the Company determine to exclude on the basis that the trades are not fairly reflective of supply and demand

INTERPRETATION

In the Share Buy-Back Documents, unless the context otherwise requires:

- headings and bold type are for convenience only and do not affect the interpretation of this Booklet;
- the singular includes the plural (and *vice versa*) and words importing one gender include other genders;
- other parts of speech and grammatical forms of a word or phrase defined in the Share Buy-Back Documents have a corresponding meaning;
- 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;
- an expression importing a natural person includes any association, company, corporation, joint venture, partnership, trust or other body corporate (or *vice versa*);
- reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, ordinances, or laws amending, varying, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

- terms used but not themselves defined in the Share Buy-Back Documents and defined in the Corporations Act have the meanings given to them in the Corporations Act;
- a reference to writing includes email and facsimile transmissions;
- a reference to any currency is a reference to United States dollars;
- a reference to a section, paragraph, or clause is a reference to a part of this Booklet; and
- a reference to time is a reference to the time in Sydney.

**OFFER BY
KINA PETROLEUM CORPORATION
ARBN 629 063 547**

1. **OFFER**

Kina Petroleum Corporation (ARBN 629 063 547) (**Company**) offers to acquire all ordinary shares in the Company held by you (**Shares**) on the terms set out in the Off-Market Share Buy-Back and Capital Reduction Booklet dated Monday, 14 December 2020 prepared by the Company (**Booklet**, and such offer is the **Offer**).

All capitalised terms used but not defined in this letter and the Acceptance Form have the meanings given to them in the Booklet.

2. **PERIOD**

This Offer, unless withdrawn, is open for acceptance until 5.00 pm on Tuesday, 2 February 2021 (**Expiry Time**).

3. **CONSIDERATION**

The price offered is US\$0.10 for each Share.

4. **ACCEPTANCE**

4.1 The accompanying Acceptance Form is part of the Offer.

4.2 To accept this Offer you must:

- (a) comply strictly with the instructions on the Acceptance Form;
- (b) complete and sign the Acceptance Form; and
- (c) send the Acceptance Form back to the Company before the Expiry Time at the following address with all documents required:

Kina Petroleum Corporation
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

4.3 The Company may choose to treat as a valid acceptance an Acceptance Form which does not comply with the instructions on the Acceptance Form, or with any other requirement for acceptance, but then the Company may withhold payment of the price for the Shares until you do meet all requirements.

4.4 **If you are in any doubt as to how to deal with the Offer or the Acceptance Form, please consult your financial or legal adviser.**

5. **EFFECT OF ACCEPTANCE**

5.1 By accepting the Offer:

- (a) you (and the Company) become bound by clauses 1, 2, 3, 4.3, 5 and 6 of this document;
- (b) you represent and warrant to the Company that all the Shares are, and will be on registration of the transfer to the Company, fully paid up and free from all Encumbrances whatsoever, and free from all restrictions on transfer of any kind;

- (c) in this clause, "Encumbrance" means a security interest that is subject to the *Personal Property Securities Act 2009* (Cth); any other mortgage, charge, pledge or lien; any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property; any third party interest (for example, in trust or equity); or an agreement to create any of them or to allow any of them to exist);
- (d) you transfer the Shares to the Company subject to the provisions of the Articles of Association of the Company (and the Company agrees to take the Shares subject to those provisions); and
- (e) you authorise the Company to correct any errors or omissions contained in the Acceptance Form.

6. TERMS OF TRANSFER

- 6.1 The Company must pay you the purchase price for the Shares on the terms set out in the Booklet. You may nominate through the Acceptance Form to receive payment in US dollars. Otherwise, payment will be in Australian dollars at the exchange rate listed at 5.00 pm on the RBA website on the Share Buy-Back Initial Record Date.
- 6.2 The Company may terminate the contract arising from acceptance of the Offer if you breach any of the Offer's terms. The Company will then return by post to you, at the address shown on the Acceptance Form, any share certificate you forwarded (if applicable).
- 6.3 If you are not a resident of Australia, the Company may withhold payment of the Share Buy-Back Price until you either obtain requisite clearances and authorities from the Australian Commissioner of Taxation and the Reserve Bank of Australia, or satisfy the Company that no such clearance or authority is needed.
- 6.4 The Company must pay any stamp duty on the transfer of the Shares to the Company.

DATED:

For and on behalf of Kina Petroleum Corporation (ARBN 629 063 547).



.....
Richard Schroder, Director

Subregister

HIN

**Offer Period Closes: 5.00 pm on
Tuesday, 2 February 2021**

Complete this form if you wish to participate in the Kina Petroleum Corporation (**Company**) off-market Share Buy-Back and sell some or all of your Shares back to the Company. You should refer to the terms of the Share Buy-Back set out in the Off-Market Share Buy-Back and Capital Reduction Booklet accompanying this Acceptance Form (**Booklet**) and on the back of this Acceptance Form. **If you are in any doubt as to how to deal with this Acceptance Form, please consult your financial or legal adviser.**

All capitalised terms used but not defined in this Acceptance Form have the meanings given to them in the Booklet.

A Maximum Share Buy-Back

The **MAXIMUM** number of Shares that you may sell through the Shares Buy-Back.

B Your Share Buy-Back Acceptance

Enter the number of Shares you wish to sell back to the Company under the Share Buy-Back

(Must not be greater than the amount listed in section A)

C Contact Details

Contact Name

Email

Telephone number - Business Hours

Telephone number - After Hours

D Bank Account Details

Tick the box next to the currency in which you wish to receive payments and insert bank account details for your nominated currency.

- Please provide details for **one currency only**. If details for more than one currency are provided, your instructions cannot be processed.
- The bank account you provide **must be a local account with a bank in the country of the currency being paid**.

<input type="checkbox"/>	Australian dollar (AUD)	BSB number <input type="text"/>	Account number <input type="text"/>
<input type="checkbox"/>	US dollar (USD)	ABA number <input type="text"/>	Account number <input type="text"/>
Account name <input type="text"/>			
Bank name <input type="text"/>		Bank/branch address <input type="text"/>	

E Sign Here

This Section MUST be signed for your instructions to be executed (refer overleaf for signing instructions)

I/we confirm that I/we wish to participate in the Share Buy-Back and agree to the terms of the Share Buy-Back set out in the Off-Market Share Buy-Back and Capital Reduction Booklet accompanying this Acceptance Form and on this Acceptance Form.

Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Office(s):	Office(s):	Office(s):

Note: Notices signed under Power of Attorney or by the executor of an estate must be accompanied by a copy of that power or letters of administration, together with a signed certificate of non-revocation of the power or letters of administration, as the case may be, unless previously lodged for noting.

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

Your Broker's Name:

IMPORTANT INFORMATION FOR CHESS HOLDERS

Your Shares are held on the CHESS Sub-Register. To accept the Share Buy-Back you can either:

- Contact your Controlling Participant – normally your broker – and instruct them to accept the Share Buy-Back on your behalf (If you do that, you do not need to complete and return this Acceptance Form to Link Market Services);

OR

Your Broker's Address:

Your Broker's Telephone Number:

THIS ACCEPTANCE FORM MUST BE RECEIVED BY NO LATER THAN 5.00 PM (SYDNEY TIME) ON TUESDAY, 2 FEBRUARY 2021.

Further Important Instructions

Shareholders who wish to sell Shares under the Buy-Back must contact their Controlling Participant or return this form duly completed. Prior to lodging this form, you should read the Buy-Back Booklet which sets out the key terms of the Buy-Back. If you are in any doubt as to how to deal with this form, please consult your financial or legal advisor.

1. How to complete this Acceptance Form

A Maximum Share Buy-Back

This is the maximum number of Shares you can sell under the Share Buy-Back.

B Your Share Buy-Back Acceptance

In this section please enter the total number of Shares you agree to sell back to the Company under the Share Buy-Back.

Please note that the amount you enter must not exceed the maximum number listed in section A. If a greater number than the maximum is entered your Acceptance Form will be rejected.

C Contact details

Please provide your contact name, telephone number and email address in this section.

D Bank account details

Payment will be made by direct credit only. Complete this section and these details will be used for the payment of the Share Buy-Back Price and future dividend payments. You can update your instructions online at <https://investorcentre.linkmarketservices.com.au/> or by calling the Share Registry information line at +61 1300 859 277.

E Signature(s)

You must sign this Acceptance Form as follows in the space provided:

Individual: Where the holding is in one name, the shareholder must sign.

Joint holding: Where the holding is in more than one name, all shareholders must sign.

Power of Attorney: To sign under Power of Attorney, you must have already lodged that document together with a signed certificate of non-revocation of Power of Attorney with Link Market Services. Alternatively, attach a certified copy of the Power of Attorney and certificate of non-revocation to this Acceptance Form when you return it.

Deceased Estate: All executors must sign and, if not already noted by Link Market Services, a certified copy of probate or letters of administration must accompany this Acceptance Form.

Companies: This Acceptance Form must be signed by either two directors or, if an Australian registered company, a director and a company secretary. Alternatively, where the company has a sole director and, in the case of an Australian registered company, where there is no company secretary or where the sole director is also the sole company secretary, that director may sign alone.

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with it, please consult your financial or other professional adviser. For further information, call Link Market Services on +61 1300 859 277.

2. Lodgment of Acceptance Form

Your Shares are in a CHESS holding, you do not need to complete and return this Acceptance Form to Link Market Service. You can contact your Controlling Participant, normally your broker, and instruct them to accept the Share Buy-Back in respect of the relevant number of Shares on your behalf. If you decide to use this Acceptance Form, follow the instructions below.

It is the responsibility of the eligible security holder to allow sufficient time for their Controlling Participant to initiate an acceptance on their behalf in accordance with ASX Settlement Operating Rule 14.14. You must ensure that this Acceptance Form is received by your Controlling Participant in sufficient time before the end of the Offer Period to enable your Controlling Participant to effect your acceptance on CHESS during business hours.

If you send your Acceptance Form to Link Market Services at the address below, we will send the relevant message to CHESS for forwarding to your Controlling Participant for acknowledgement. Neither the Company nor Link Market Services will be responsible for any delays incurred by this process.

By mail:

Hand delivered:

OR

Link Market Services Limited

Link Market Services Limited

3. Acceptance

By signing and returning this Acceptance Form, I/we, the registered holder/s of the Shares shown on the reverse:

- (a) agree to the terms and conditions set out in the Share Buy-Back Documents;
- (b) agree that you will sell to the Company on the Share Buy-Back Date the number of Shares nominated for sale on this Acceptance Form and otherwise as determined in accordance with the Booklet;
- (c) represent and warrant to the Company that at all times after you agree to sell your Shares pursuant to the Share Buy-Back, and on the Share Buy-Back Date, you are the registered holder of the Shares that you have agreed to sell pursuant to the Share Buy-Back and that they are free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third party rights and are otherwise able to be sold by you;
- (d) represent and warrant to the Company on the Share Buy-Back Date that you have not sold, dealt with, agreed to sell or otherwise deal in the Shares nominated for sale on this Acceptance Form;
- (e) represent and warrant that you are a person to whom the Share Buy-Back offer may lawfully be made and whose participation in the Share Buy-Back is permitted under the laws of the jurisdiction in which you are resident;
- (f) represent and warrant that you are not (nor are you acting on behalf of or for the account of) an Excluded Shareholder;
- (g) authorise the Company (and its officers, employees, agents or contractors) to correct any error in, or omission from, this Acceptance Form, and to insert any missing details;
- (h) undertake not to sell or offer to sell Shares to any other person if, as a result, you will at any time after you submit this Acceptance Form until the Share Buy-Back Date hold fewer Shares than the number of Shares in respect of which you have accepted the offer on this Acceptance Form;
- (i) acknowledge that neither the Company nor any other party involved in the Share Buy-Back has provided you with financial product advice, or any Shares recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Share Buy-Back;
- (j) authorise the Company to make payment in Australian currency by direct credit to your nominated account listed on this Acceptance Form;
- (k) acknowledge that despatch of payment as set out above satisfies the Company's obligations to make payment to you for the Shares bought back;
- (l) you have not distributed or sent any Share Buy-Back Documents or other document referring to the Share Buy-Back into the United States or Canada or to any US Person, resident of Canada or a person who is otherwise an Excluded Shareholder;
- (m) you have not utilised in connection with the Share Buy-Back, directly or indirectly, mail or any means or instrumentality (including, without limitation, facsimile transmission, telephone and internet) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States;
- (n) agree that I/we have read and understood the terms and conditions of the Booklet;
- (o) you agree that damages are not an adequate remedy for breach of the agreements and undertakings and warranties in this Acceptance Form or the Booklet; and
- (p) undertake that if you breach any of the agreements, covenants, undertakings or warranties in this Acceptance Form or the Booklet, you will indemnify the Company for all its costs arising from the breach.

Where this document is signed under power of attorney, the attorney declares that the attorney has no notice of the revocation of the power or the death of the donor of the power. Where this document is signed by or on behalf of a company, the company represents that the company has signed the form in accordance with the company's constitution and the *Corporations Act 2001* (Cth) (or any other applicable laws).

4. Treatment of Acceptances

The Company may treat any purported acceptance as satisfying the requirements for valid acceptance within the terms of the Share Buy-Back or disregard the acceptance (in whole or in part), as it determines appropriate.

5. Privacy Statement

Link Market Services advises that it is collecting and will hold personal information about you. The *Corporations Acts 2001* (Cth) requires information about you as a Shareholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold Shares for the purposes of administering your shareholding. You can obtain access to and correct your personal information by contacting us at the address or telephone number shown on this Acceptance Form.

Our privacy policy is available on our website (https://www.linkgroup.com/docs/Link_Group_Privacy_Policy.pdf).

If you have any enquiries concerning your securityholding, please contact Link Market Services Limited on +61 1300 859 277 between 8.30 am and 5.30 pm (Sydney time) Monday to Friday.

This form may not be used to effect an address change. Please contact Link Market Services Limited on +61 1300 859 277 for an appropriate form, or download a Change of Address Notification form from <https://investorcentre.linkmarketservices.com.au/>.