



ASX ANNOUNCEMENT (ASX: KPE) 4 December 2020

Kina Petroleum Corporation applies for ASX and PNGX delistings

Kina Petroleum Corporation (ASX: KPE) (the **Company**) has today submitted a formal application (**Application**) for the removal of the Company from the Australian Securities Exchange (**ASX**) official list (**ASX Official List**) pursuant to ASX Listing Rule 17.11 (**ASX Delisting**). The Company proposes to delist from PNG's National Stock Exchange (**PNGX**) at the same time as it delists from ASX, subject to receiving approval from ASX to proceed with the ASX Delisting (**PNGX Delisting** and, together with the ASX Delisting, the **Delistings**).

The Notice of Meeting of the Company's shareholders (**Shareholders**) being convened to consider and, if thought fit, to approve the Delistings (and accompanying materials) is expected to be released to Shareholders on Friday, 11 December 2020.

Reasons for Delistings

The Company's board of directors (**Board**) 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 fully paid ordinary shares in the capital of the Company (**Shares**) traded on only 36 days and the Share price declined from US\$1.80 to US\$0.38 based on the trading of 232,710 Shares, or less than 2% of our total float. 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

Kina Petroleum Corporation (KPE)

phone 02 8247 2500 fax 02 8247 2599 postal address PO Box R1834 Royal Exchange NSW 1225
office address Suite 209, 111 Harrington St Sydney NSW 2000 website www.kinapetroleum.com





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 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 we continue 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).

Delisting process

The Company has received in-principle advice from ASX that ASX would be likely to remove the Company from the ASX Official List, on a date to be determined by ASX in consultation with the Company, which is expected to be **Thursday, 4 February 2021 (Removal Date)**, subject to compliance with the following conditions:

- (e) The request for removal of the Company from the ASX Official List is approved by a special resolution of the Shareholders.

Kina Petroleum Corporation (KPE)

phone 02 8247 2500 fax 02 8247 2599 postal address PO Box R1834 Royal Exchange NSW 1225
office address Suite 209, 111 Harrington St Sydney NSW 2000 website www.kinapetroleum.com





- (f) The notice of meeting seeking Shareholder approval for the Company's removal from the ASX Official List:
- (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 securities on ASX, they will need to do so before the entity 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 ASX 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.
- (g) 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 ASX Official List.

In accordance with the condition set out in paragraph (g) above, the full terms of the ASX decision are set out above.

In order to satisfy the condition set out in paragraph (e), the Company will hold a general meeting on **Thursday, 31 December 2020 (General Meeting)** to consider, and if thought fit, to approve the Delistings (by passing a special resolution). The Notice of Meeting (together with its accompanying Explanatory Statement) will contain the statements necessary to satisfy the conditions set out in paragraph (f) above.

Consequences of removal from the ASX Official List and PNGX Official List

If the Shareholders approve the Delistings, the Company will be removed from the ASX Official List and the official list of PNGX (**PNGX Official List**) on the Removal Date.

Shares may continue to be traded on ASX or PNGX until 7.00 pm 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 this announcement 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.

Kina Petroleum Corporation (KPE)

phone 02 8247 2500 fax 02 8247 2599 postal address PO Box R1834 Royal Exchange NSW 1225
office address Suite 209, 111 Harrington St Sydney NSW 2000 website www.kinapetroleum.com





The Company also proposes to offer an off-market share buyback facility (**Share Buy-Back**) 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. The Company proposes to use an amount of up to US\$1.28 million of its available cash resources (**Buy-Back Cash Reserve**) to fund the Share Buy-Back. The Share Buy-Back will allow Shareholders the opportunity to sell up to all of their Shares to the Company at a price of US\$0.10 per Share.

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**). Shareholders will be paid an amount of US\$0.07 per Share under the Capital Return facility.

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).

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	Friday, 11 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 am on Tuesday, 29 December 2020, being 48 hours before the General Meeting is scheduled to commence
General Meeting	10.00 am on Thursday, 31 December 2020
Confirmation and release of results of General Meeting on ASX and PNGX	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 pm on Monday, 1 February 2021
Suspension from ASX Official List and	7.00 pm on Tuesday, 2 February 2021

Kina Petroleum Corporation (KPE)

phone 02 8247 2500 **fax** 02 8247 2599 **postal address** PO Box R1834 Royal Exchange NSW 1225
office address Suite 209, 111 Harrington St Sydney NSW 2000 **website** www.kinapetroleum.com





PNGX Official List	
Close of the Share Buy-Back facility	5.00 pm on Tuesday, 2 February 2021
Payments to be made in respect of the Share Buy-Back	Wednesday, 3 February 2021
Removal from ASX Official List and PNGX Official List	7.00 pm on Thursday, 4 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.

Remedies available to the Shareholders

As the Company is organised under the laws of the British Virgin Islands, Shareholders may apply to the High Court of the British Virgin Islands for an order if they believe that the Delistings are being or are 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 Business Companies Act 2004* (BVI) (**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 of the Company 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.

Kina Petroleum Corporation (KPE)

phone 02 8247 2500 fax 02 8247 2599 postal address PO Box R1834 Royal Exchange NSW 1225
office address Suite 209, 111 Harrington St Sydney NSW 2000 website www.kinapetroleum.com





Kina Petroleum Corporation (KPE)
PNG Company Number: 3-120494
ARBN 629 063 547
Address Suite 209
111 Harrington St.
Sydney NSW 2000
Phone 02 8247 2500
Web www.kinapetroleum.com



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

Authorisation

This ASX announcement is approved and authorised by the Board

Kina Petroleum Corporation (KPE)

phone 02 8247 2500 fax 02 8247 2599 postal address PO Box R1834 Royal Exchange NSW 1225
office address Suite 209, 111 Harrington St Sydney NSW 2000 website www.kinapetroleum.com

