



A company registered in British Virgin Islands

30 April, 2019

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD: 1st January 2019 to 31st March 2019

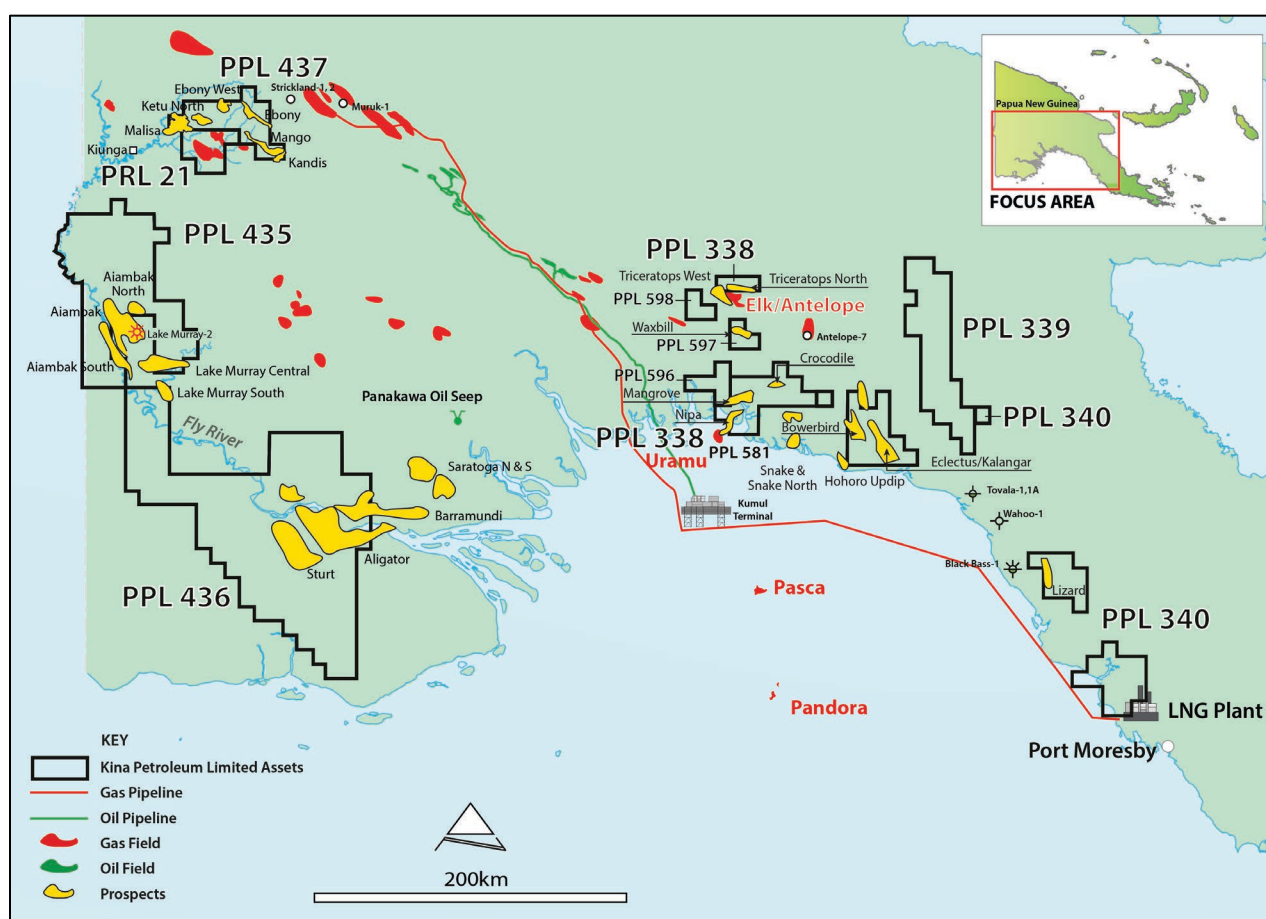
Highlights and Summary for the Quarter

- **PRL 21** – Kina noted and welcomed the Minister’s correspondence dated March 22, 2019 expressing a number of concerns about development plans and activity in the license. Kina continues to support early development of liquids from PRL21 and believes it can be cost effectively developed now. Kina is encouraging the JV to take up the challenge to fast track liquids development.
- **PRL 38** – The licence expired on 28 November 2018.
- **PPL 338, 581, 596, 597 & 598** – Mangrove, Nipa, Snake and Waxbill prospects are being assessed for suitability for a future soil gas geochemical survey. Kina has purchased gravity-gradiometry data over the prospects and is merging its data sets from the Eastern Platform through the central part of the platform to the Fly Platform.
- **PPL 339** – The Kalangar, Eclectus and Bowerbird Prospects remain the focus in PPL 339, with selected fieldwork expected to commence upon confirmation of extension of the licence. Kina is merging its gravity data set and reprocessing key open file seismic data between the Eastern Platform and the central platform area in PPL 338 to help its evaluation of the key prospects.
- **PPL 340** – A pilot soil gas survey has been completed over Lizard with results encouraging us to undertake a phase 2 follow-up survey. Integration of the soil gas data from the pilot with gravity and seismic data have helped refine our assessment of the Lizard Prospect.
- **PPL 435 & 436** – Kina continues discussions with the Department of Petroleum regarding consolidation and extension of these licences. Work continues to focus on reducing exploration and drilling costs for testing the Alligator and Aiambak Prospects.
- **PPL 437** – An extension application for PPL 437 has been lodged. Malisa, Mango and Ebony Prospects are attractive as bolt-ons to any future PRL 21 liquids export hub. PPL 437 is optimally placed with respect to a future gas export pipeline from P’nyang. Kina is investigating technologies to help de-risk prospects in advance of future seismic surveys.

Company, PNG and Industry Outlook

Kina Petroleum Limited (ASX: "KPL") has, at the end of this period, a participating interest in Petroleum Retention Licence ("PRL") 21 and in ten exploration Petroleum Prospecting Licences ("PPLs") across PNG. Kina is in discussion with the PNG government about how best to capture the Aiambak and Alligator Prospects, and any extensions of the Alligator prospect.

Map of KPL's licence areas



Overview of the Current Asian and Global Oil and Gas Industry Environment

Brent oil prices dipped briefly below US\$60 per barrel in December but are now above US\$70 per barrel. At these prices the economics of development of Kina's key prospects, and PRL 21 in particular, are robust and Kina has set in train a process to make the company more attractive to investors to capitalise on this opportunity.

In April Kina completed its planned redomicile to the British Virgin Islands. The securities of Kina Petroleum Limited ('KPL') were suspended from quotation on the ASX as of the close of trading on 4th April 2019, following lodgement of the National Court of Justice of Papua New Guinea orders with the Papua New Guinea Registrar of Companies approving a scheme of arrangement by which Kina Petroleum Corporation, a British Virgin Island entity, would acquire all of the issued shares in KPL. KPE is the new ASX code for Kina Petroleum Corporation, and it was listed on the ASX and POMSoX on 15th April.

In connection with the redomicile to the BVI, there was a 30:1 consolidation of the stock and was approved in accordance with the requirements of the PNG Companies Act 1997 at a shareholder meeting held in Port Moresby on 21 March 2019. The proposal was very well supported by our shareholders with 99.72% of shareholders in support.

The re-domicile is the beginning of a process that will provide funding support for the next phase of Kina's development. It is designed to make the company more attractive to a broadened international investor base which will improve the company's access to equity capital for our development and exploration funding requirements, including a potential early liquids development project for PRL 21 in Western Province.

The 48 million barrels of liquids contained in PRL 21 according to our latest certified assessment, together with potential liquids in prospects in PPL 437, are our primary focus for investment. The liquids are trapped in a reservoir at a depth of approximately 3 kilometres below a relatively benign surface cover of forest with road access from the Fly River. The development of the Elevala and Ketu Fields is highly economic in our view at current oil prices, and we are urging Horizon, as operator, to pursue this development in a more timely and cost effective manner than the current "Western LNG" proposal advocated by Horizon and Repsol, as operator of the nearby Stanley Field within Petroleum Development License ("PDL") 10.

Furthermore over the last 3 years Kina has completed its analysis of all the prospects and leads in our portfolio and we have identified some significant prospects in or close to active petroleum provinces. We are assessing the most cost-effective means of high grading these prospects to drillable status and are also improving our options to help fund exploration of the top ranked prospects.

Kina has used the down turn in oil and gas activity to restructure our work program and licence obligations to fit with our strategy for cash flow and then growth going forward. In October last year we completed a pilot soil gas survey over the Lizard prospect in PPL340. Results were encouraging and a follow up survey is planned to confirm the initial outcomes in May 2019. With confirmation of the technology we anticipate it will help reduce the amount of seismic acquisition required to mature our top ranked prospects to drillable status.

In parallel with the assessment of soil gas sampling technique we are engaging with third party seismic and other contractors with a view to mobilising a highly portable seismic crew capable of being deployed with minimal helicopter support within our foreland licences. We view seismic contractors' increasing dependency on helicopter transport as the greatest cost escalator for acquisition of new data and even

though our industry is in a better price environment now than 18 months ago, we are keenly aware of the need to continually improve operational efficiencies. Kina believes that bringing down the high cost of exploration in the relatively benign foreland area will greatly facilitate exploration and development in what is a highly prospective and underexplored active petroleum province.

PRL 21 (KPL interest 16.75%)

It is over 5 years since the PRL 21 joint venture partners submitted a petroleum development licence application (APDL 12) in respect of the Elevala and Ketu fields. The development plan envisaged a phased development, initially with condensate recovery and re-injection of dry gas, to be followed by gas sales at a later date once a gas commercialisation pathway has been established. Since APDL 12 was submitted, Horizon Oil has advocated a project they have designated as “Western LNG” (WLNG), a standalone greenfield development that would aggregate approximately 2.2 TCF of undeveloped gas in the foreland of the Western Province, including the Elevala and Ketu fields in PRL 21, for export via a 490km onshore gas and condensate pipeline and a 1.5 to 2.0 MTPA liquefaction facility offshore Daru.

Kina and others have voiced opposition to the WLNG proposal for several reasons, including:

- the high cost of the onshore pipeline to deliver gas to Daru leads to a challenging economic case for the entire project at current oil prices;

- almost 50% of the total 2.2TCF of gas resource for the WLNG project would be sourced from PRL21. Rather than dedicating this to an expensive project with questionable economics, it is likely this gas could ultimately and more efficiently be transported through infrastructure being proposed for the P’nyang development; and

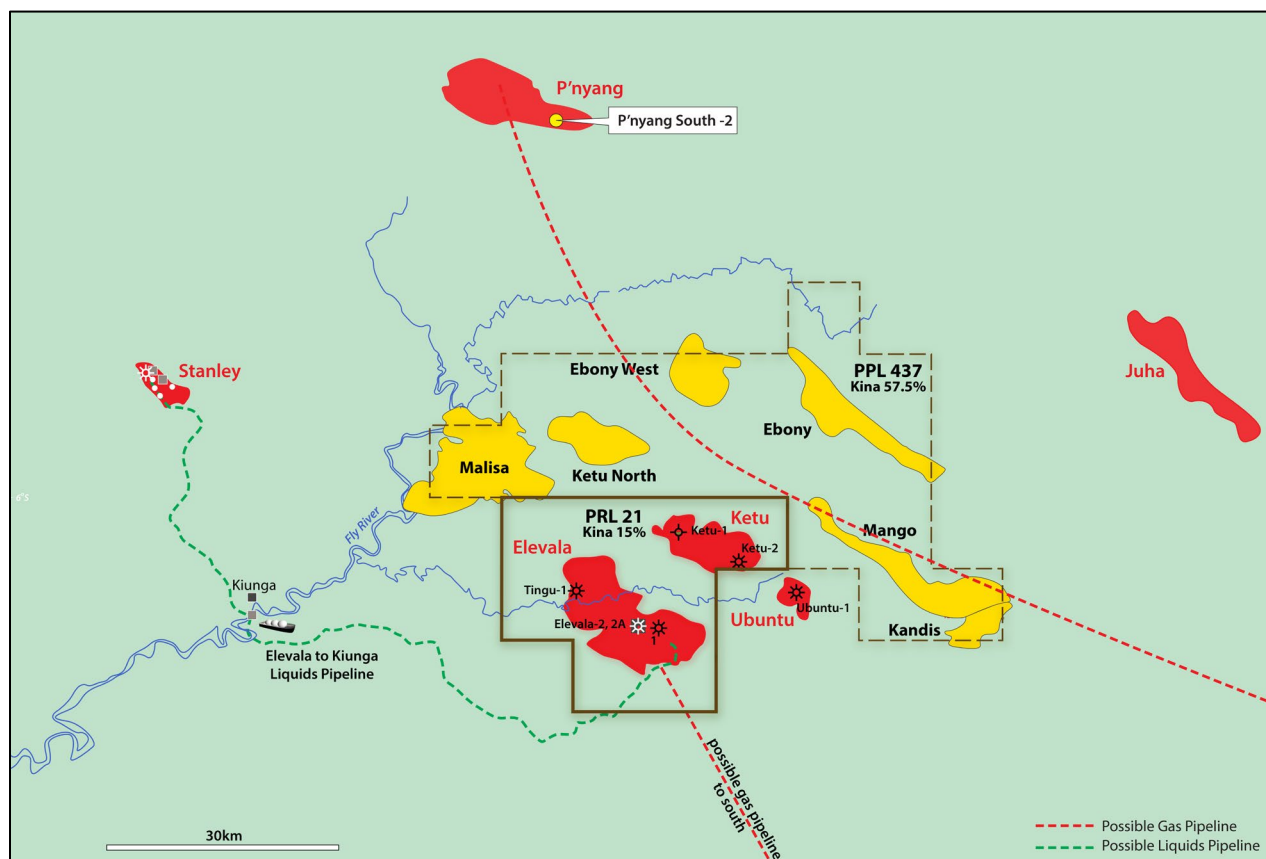
- most importantly, the gas in PRL 21 contains a very high liquids resource, which could be extracted and marketed ahead of gas sales to generate early cash flow and significantly improve overall development economics over WLNG.

On March 22, 2019 the Minister of Petroleum advised the JV he did not consider progress towards development of the PRL 21 fields was progressing to his satisfaction and indicated that his Department will not be able to approve the current form of the development plan as submitted with APDL 12. He suggested that the PRL 21 licensees propose a revised development plan.

Kina’s economic and development studies continue to support early development of liquids from PRL21 as a viable means of quick and cost-effective commercialisation. Kina’s development concept relies on a relatively short liquids pipeline to Kiunga and export via the Fly River. Our economic modelling demonstrates that development of the 2C (liquids) contingent resource of 48 million barrels of condensate in PRL 21 is highly economic at current oil prices. Kina maintains its belief that a future development of the Elevala & Ketu fields should aim for first liquids production in the early 2020s and believes this can be achieved by the joint venture.

To support our commitment to an early liquids development, Kina is evaluating a range of potential funding options.

Map of PRL 21 and adjacent PPL 437 licence areas



PRL 38 (KPL Interest: 25%)

The PRL 38 licence expired on 28 November 2018, along with the tenure of Kina and other licence holders.

PPLs 338, 581 596, 597 and 598 (KPL Interest: 100%)

Kina has purchased gravity-gradiometry data coverage over the key Mangrove, Nipa, Waxbill and Snake prospects and is in the process of merging the data with coverage over the Triceratops West and Bowerbird prospects in PPL 338 and Kalangar/Eclectus (K/E) in PPL 339. Vintage gravity data suggests that the licences lie at likely thinned continental ocean basin boundary (COB). The existing gravity data suggest the continental block forms a stable platform comprising Palaeozoic crystalline rocks and Mesozoic sediments overlain by Tertiary platform carbonates which acts as a rigid barrier to thrusting from the north and east during the late Miocene to Pliocene. Compressive pressure during the Late Miocene to present has

established a deformed foreland trough in front of the fold belt and prospective hanging wall structures in the leading edge of the thrust.

During the late Miocene to late Pliocene pressure on the platform has resulted in a number of reactivated and inverted structures in Kina's licences. The Nipa Prospect lies on an early Pliocene hanging wall fault which has a deformed ramp carbonate character onto which early Pliocene sediments lap.

Mangrove and Nipa are separated by a tight early Pliocene graben/channel into which early Pliocene clastics are deposited. Mangrove is on an uplifted horst feature over which a carbonate reef has grown again fault bounded along its northern flank. The whole Mangrove and Nipa trend lie on the Wana Swell a late Pliocene uplift which plunges to the southeast into the foreland trough of the Aure Fault system. The Mangrove Prospect extends to the south west into PPL 596 and to the north east towards Crocodile. The interpretation is still hampered by incomplete seismic coverage and the gravity data set will be merged to help constrain the interpretation. A soil gas geochemistry survey will be considered in advance of seismic acquisition subject to confirmation of results of tests being undertaken over Lizard prospect in PPL 340.

Snake and Snake North Prospects are unusual features and lie on a circular magnetic anomaly. The new merged gravity data set will hopefully help explain the source responsible for the anomaly which lies close to an interpreted COB boundary and may be related to deep seated intrusives.

Ground conditions at Nipa, Mangrove and Snake in southern PPL 338 and PPL 581 are very different and wetter than those at Lizard in PPL 340 and the collection of future soil gas samples will have to address the possible water logged soils.

Snake, Snake North and Crocodile appear to lie on a COB that extends north towards Waxbill Prospect in PPL 597. Existing seismic data has high-lighted a structural closure at Waxbill on the footwall of the Kereru Fault, which is a fault that moved most recently in late Pliocene times. Uplift and deformation of the Oligo-Miocene carbonates present a reservoir play type analogous to the giant Elk Antelope Field immediately to the east. Furthermore an oil flow from the footwall carbonate intersected in Puri 1 also to the east of PPL597 further high-grades Waxbill as a potential oil play. Waxbill lies on the flank of the Kereru fault and because of its structured footwall setting seismic data is complex and difficult to interpret. Kina has purchased and currently reprocessing open file seismic field data between Antelope Field and Raptor 1 to help resolve the existing uncertainty at Waxbill.

Within PPL 598 Kina has identified a gravity anomaly that appears to straddle the Kereru Fault. It underlies the apron of the Duau and Favenc volcanoes. It may form a carbonate ledge in a prospective fairway along trend from Waxbill and will be more fully evaluated once the gravity data set is merged.

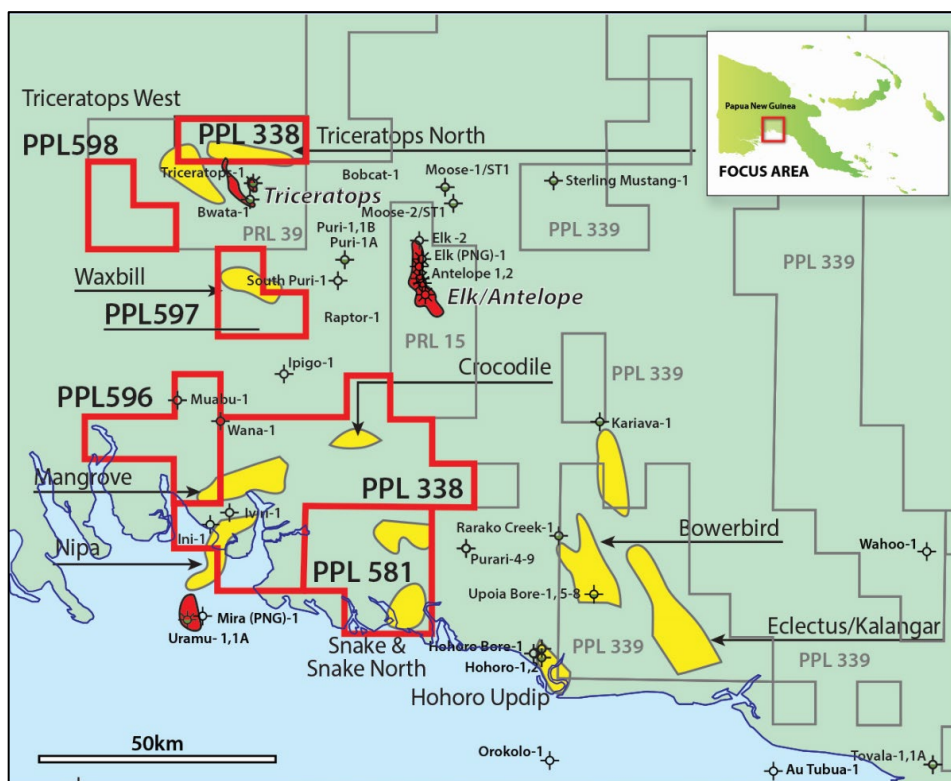
Kina remains very enthusiastic about Triceratops West and Triceratops North Prospects. We believe they are located at the northern extended margin of the continental block before dropping into a possible Cretaceous oceanic basin. We believe Triceratops West and Triceratops North are well located for ramp carbonate development with the carbonate factory active through this part of PPL 338. Kina has purchased and is reprocessing open file seismic data connecting Raptor 1 in the east to our prospects at Triceratops North and West.

Terrain in this uplifted terrace area is rugged complicated by structure and volcanism and again we await the results of the merged gravity data set in advance of any future exploration activity.

Over the last 3 years Kina has advanced its interpretation of available data and its geological synthesis to mature 9 leads and prospects in its licence areas which it holds 100%. These prospects are all ramp carbonates in a structured footwall setting and have a number of similarities to the giant Elk Antelope Field.

Once the integrated gravity and reprocessed seismic data are interpreted Kina will assess the risk resource potential of the inventory and the cost of seismic and drilling to test the potential of our licences.

Map of the PPL 338, 581, PPL 596, 597 and 598 licence areas



PPL 339 (KPL Interest: 30%*)

The operator continues to work with the PNG Department of Petroleum to finalise the PPL 339 licence extension, and we await confirmation of the anniversary date of the 5 year licence extension period of the licence to determine timing of an optimal work program.

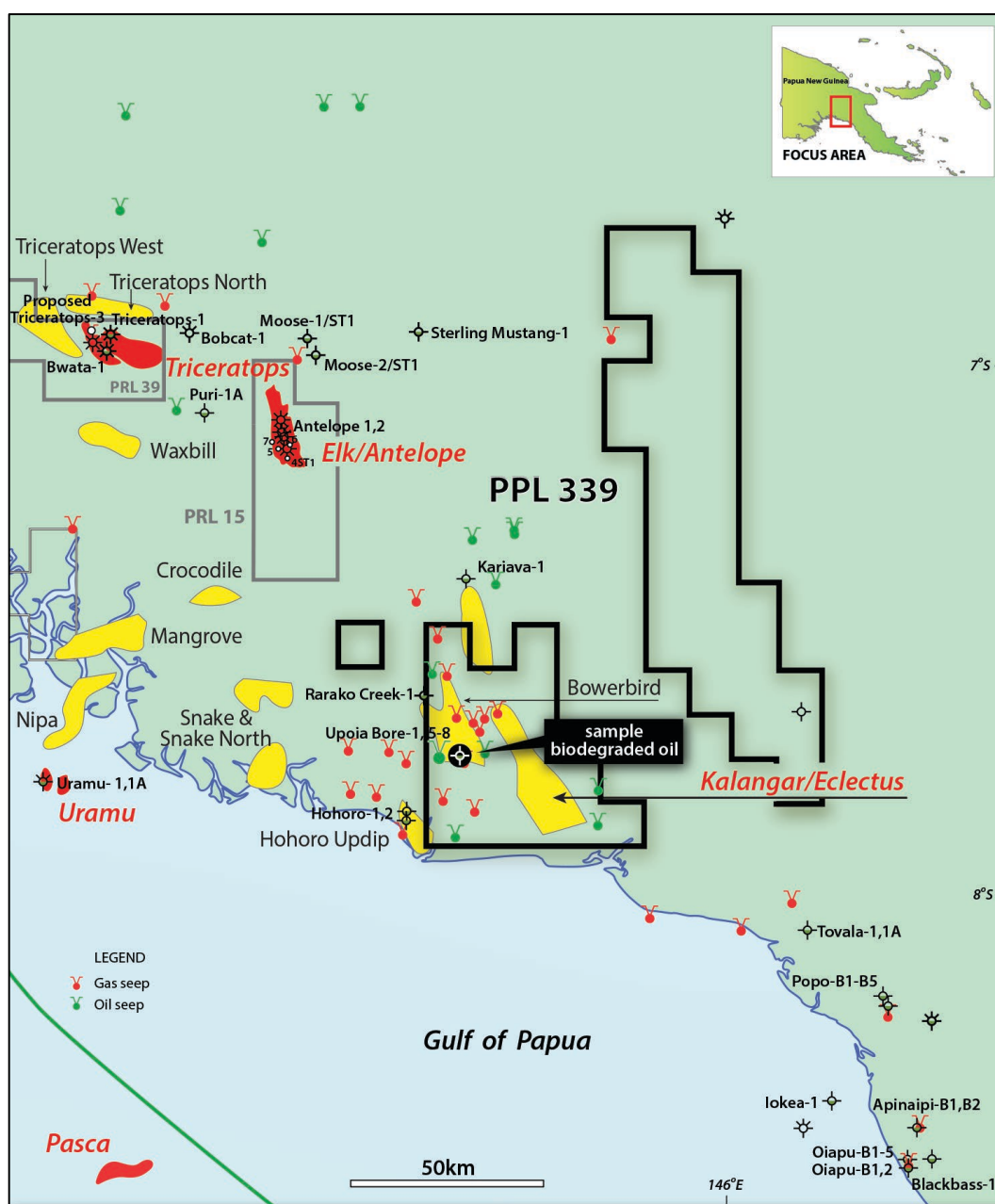
Kalanger/Eclectus (K/E) and Bowerbird remain Kina's high-graded features. They lie on a structured footwall shelf to the Eastern Platform and are thrusting over a foreland basin that has developed in the early Pliocene to present day separating the possible COB to the west. The exact nature of basement in the Eastern Platform is far from certain but Late Cretaceous and Eocene sediments are most likely overlying some form of (possible?) Mesozoic oceanic crust. The crust has undergone significant subsidence due to compression from the north and east since the Early Pliocene. K/E is considered the earlier of 2 faults with Bowerbird located in its footwall on a ledge before dropping into the foreland proper. Abundant oil and gas seeps make this area a prospective fairway but the interpretation reliability of the seismic data is low.

Kina believes the area which is serviced by numerous logging tracks and relatively well elevated is ideal for future soil gas sampling in the Dry Season.

Kina is integrating the gravity data set from PPL 340 to PPL 380 and is reprocessing a number of key seismic lines to help understand the linkage between the Eastern Platform and the Fly Central Platforms to the west.

*subject to farmout agreement with Santos

Map of PPL 339 Licence Area



PPL 340 (KPL Interest: 100%)

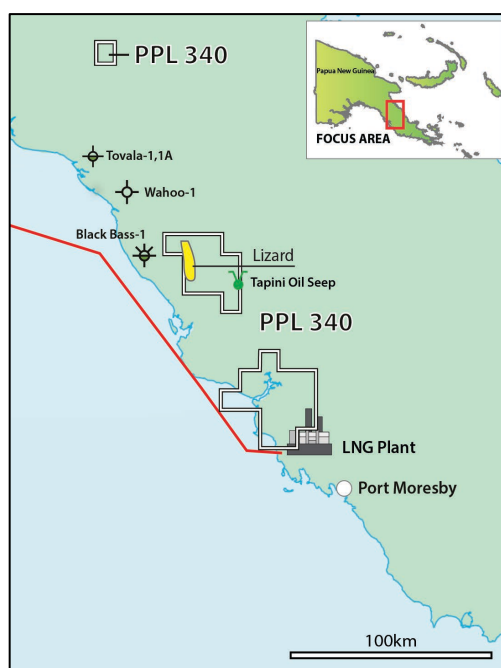
A pilot soil gas geochemical survey was completed over the Lizard Prospect, which is interpreted as a potential Miocene to Eocene carbonate build up located north west of Port Moresby. Results are encouraging and a follow up confirmatory survey is planned in Q2 2019 as soon as weather permits.

The prospect is located on the Eastern Shelf of the Papuan Basin, which is separated from the Owen Stanley uplift by the Lakekamu Embayment. Previous wells Wahoo-1, Oroi-1 and Black Bass-1 all had indications of dry gas but are located on the structured hanging wall shelf west of the potential carbonate trend. Very early wells Kaufana-1 and Rorona-1 look to have been drilled within the south eastern limits of the Lakekamu Embayment in an area affected by uplift during emplacement of the Owen Stanley Range.

The Eastern Shelf is highly structured and the exact relationship between the platform and the basinal facies is conjectural. The Lakekamu Embayment may contain late Cretaceous and Eocene sediments under the Pliocene cover.

Reprocessing of the Hiratano seismic data shows that major uplift of the whole region occurred in the early Pliocene with erosion of sediments off the shelf into the basin to the south prior to flooding by volcanics during the early to late Pliocene. Lizard is an attractive prospect located only 158 km from Port Moresby by road and if confirmed by the phase 2 soil gas survey, a detailed seismic grid is proposed to delineate closure for the prospect in advance of a future well.

Map of PPL 340 licence area



PPL 435 and 436 (KPL Interest: 100%)

The Alligator and Aiambak Prospects exhibit excellent exploration attributes:

The potential traps cover large areas at either end of the Fly River Fault on the southern margin of the Fly Platform;

Both exhibit residual gravity anomalies;

Both are in areas of easy access along the Fly River and helicopter support is not expected to be necessary; and

Both are in areas of gentle terrain conducive to low operational and development costs.

The maximum drilling depth for both prospects is estimated to be less than 2000m with Alligator ranked as one of our top prospects. Unlike prospects and structures drilled along the Komewu Fault on the north east of the Fly Platform where sealing Ieru shale has been eroded, the Aiambak and Alligator Prospects have the regional seal intact and in the case of Alligator, Kina has mapped four independent reservoirs between base of the Ieru shale seal and basement.

Alligator Prospect is potentially one of the largest undrilled targets in PNG and is up-dip of an active oil seep flowing oil at surface at a rate of 5 barrels of oil per day.

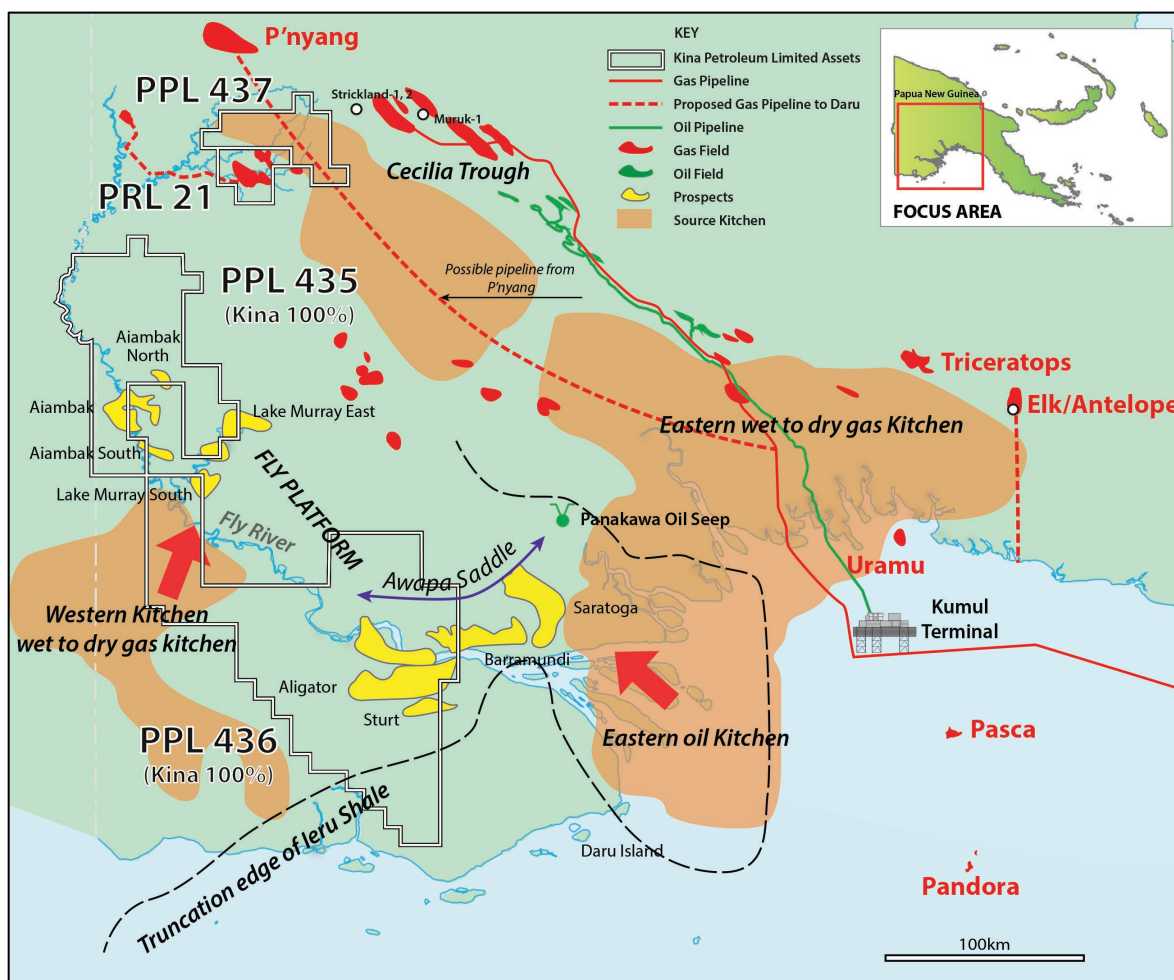
In 1987 regional soil gas and airborne geochemical surveys were conducted in Western Province. The results showed a number of anomalous areas which supported the presence of an active petroleum system working near the Aiambak Prospect. There has been no follow up work in the area since the 1980's and Kina intends investigating the soil gas signature our prospects in the licence area.

Both PPL 435 and PPL 436 have reached the end of their first exploration terms. As a consequence, Kina has entered into discussions with the Department of Petroleum with the objectives of:

- (i) restructuring PPLs 435 and 436 into a licence that will cover both prospects, and
- (ii) developing a tailored exploration program focussed on maturing both prospects to assess the most appropriate location to test of the play.

Kina remains in discussion with other exploration companies in respect of its farm out proposal for the play.

Map of the PPL 435 & 436 licence areas (showing proximity to forelands, discovered Western Province resources and key geological features)



PPL 437 (KPL Interest: 57.5%)

PPL 437 is located in Western Province, immediately north of PRL 21 (Ketu-Elevala) and south of the Hides, Muruk, Juha and P'nyang fields. Kina, as stated previously sees merit in early commencement of liquids development out of PRL 21 and thus establishing an independent export hub utilising the Kiunga river port on the Fly River.

Technically the Malisa prospect is drill-ready but it is uneconomic on a stand-alone basis. Its commercial attractiveness would improve if nearby infrastructure was established or if the reservoir and charge risk factors could be improved. Development of Elevala/Ketu in PRL 21 will improve the likelihood of drilling at Malisa but Kina is also hopeful that soil gas or even airborne geochemical analysis may offer a means of reducing risk at Malisa. Kina is assessing the cost of carrying out geochemical observations over Elevala/

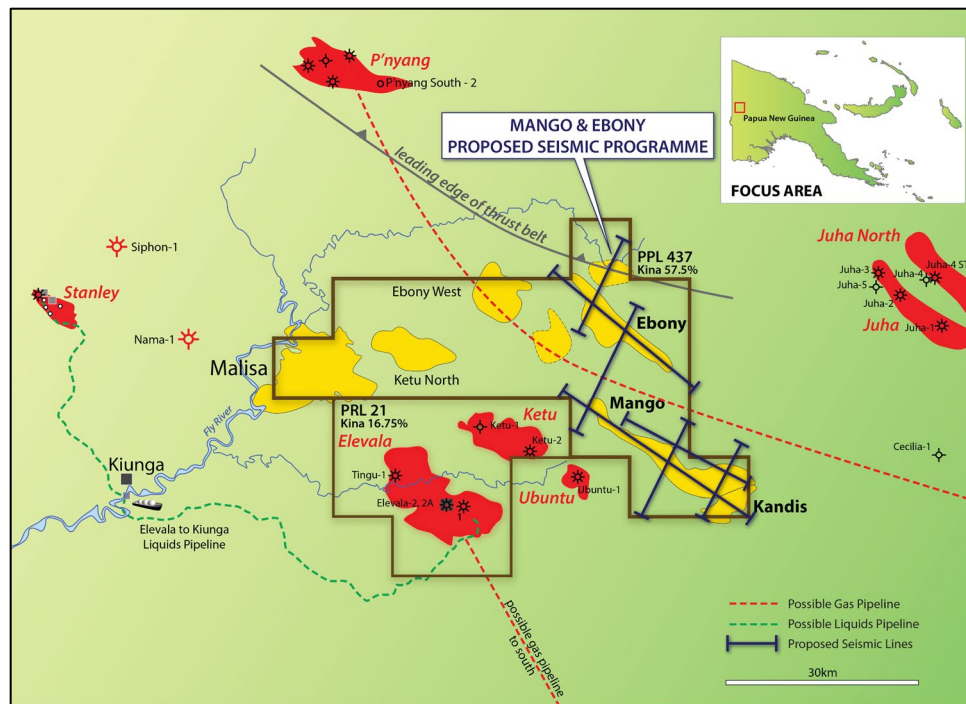
Ketu fields to determine if they display a surface and/or airborne signature and then test the geochemical response over Malisa and the other prospects in PPL 437.

Ebony and Mango Prospects require additional seismic control to confirm closure prior to drilling.

Kina is investigating nodal technology to reduce seismic acquisition costs in PPL 437.

Kina has completed Year 6 of its first exploration term of the licence and has filed for an extension of the licence. Future work will focus on the Malisa, Ebony and Mango Prospects

Map of the PPL 437 Licence Area (with PRL 21 immediately to the south)



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Kina Petroleum Limited

ABN

30 151 201 704

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(619)	(619)
(b) development	-	-
(c) production	-	-
(d) staff costs	(144)	(144)
(e) administration and corporate costs	(316)	(316)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,078)	(1,078)

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
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2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,227	5,227
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,078)	(1,078)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(18)	(18)
4.6	Cash and cash equivalents at end of period	4,131	4,131

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	4,131	4,131
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,131	4,131

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$US'000
34
-

Non-Executive Directors Fees

7.	Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$US'000
9.1	Exploration and evaluation	400
9.2	Development	-
9.3	Production	-
9.4	Staff costs	120
9.5	Administration and corporate costs	600
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	1,120

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PRL 38 Offshore Gulf of Papua	Participating interest	25%	nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 30 April 2019

(Director)

Print name: Richard Schroder

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.