



Kina
PETROLEUM CORPORATION

**KINA PETROLEUM CORPORATION
ANNUAL REPORT**

COMPANY NO. 3-120494 ARN 629 063 547

FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' REPORT

The Directors present their report on the Company and its controlled entities for the year ended 31 December 2019.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

David Vance, Independent Non-Executive Chairman

Appointed to the Board on 6 November 2014, and appointed Chairman on 11 September 2017, David is a corporate and project finance attorney and CFA charterholder with over 25 years of experience in Asia and the US. As a partner in private practice with two major US law firms, Mr. Vance represented some of the world's largest infrastructure and financial institutions in complex, first-of-its-kind transactions, including numerous "Deals of the Year" for Asia, and was recognized as a leading lawyer for project finance in Japan by an industry publication. He also advised many small and medium size enterprises in a wide range of corporate and financial matters.

Mr. Vance moved in-house to InterOil Corporation and, more recently, Asian Oil & Gas Pte Ltd., an affiliate of PIE Holdings, LP, to focus on upstream oil and gas matters in PNG and other countries. Mr. Vance received an A.B. from Stanford University and his J.D., with honours, from the University of Texas School of Law. He lives in Singapore.

Mr Richard Schroder - Managing Director

Appointed 1 June 2011, Richard Schroder has a Bachelor of Science degree, majoring in Geophysics, from the University of Sydney. He is experienced in Australian and international oil and gas exploration commencing with Conoco in the North Sea in 1975.

Richard's 40+ years of experience extends to both UK and Norwegian sectors of the North Sea, Africa, Indonesia, PNG, NZ and onshore and offshore Australia. Richard has 20+ years of experience as an operator in the lowland and highland jungles of PNG and has managed junior companies such as Sydney Oil Company as well as majors such as Santos in the capacity of Exploration Manager, South East Asia.

Richard has drilled 11 wells in PNG and Papua Province Indonesia, resulting in 1 commercial oil field, and 3 other oil and or gas intersections, and helped pioneer the boutique seismic technology which was responsible for considerable savings and drilling success.

Dr Ila Temu, Independent Non-Executive Director

Appointed 1 June 2011, Ila achieved a distinguished career with the University of Papua New Guinea, the National Research Institution, the Australian National University and the University of California, Davis USA, where he was awarded his PhD. Ila entered the private sector in 1996 when he was appointed Managing Director, Mineral Resources Company and during 2000 he accepted the appointment as General Manager, Government Relations, Placer Niugini Ltd. Ila is a past President, PNG Chamber of Mines and Petroleum, Director Corporate Affairs, Australia Pacific, for Barrick PNG and formerly a Non-Executive Director Bank South Pacific Limited, Chairman of PNG Ports Corporation, Director Bank of South Pacific Capital Port Moresby and Council Member, Divine Word University.

Barry Tan CBE, Non-Executive Director

Appointed 1st March 2009 on the formation of Kina Petroleum Limited as the Executive Director, Barry Tan is a naturalised citizen of Papua New Guinea and has spent over 35 years in Papua New Guinea developing and operating various businesses in Papua New Guinea. Barry is currently Chairman of TST Trading, Chairman of the TST Group of Companies that span property development and running supermarket franchises in PNG and also diversified industry through Starland Freezers, Tanpac and Kokoda Tailoring.

DIRECTORS' REPORT

Barry brings to the Company a wealth of knowledge in understanding the culture of PNG and the most efficient way to run the business. Barry also has a strong network of interpersonal relationships in commerce in PNG through his various associations.

Barry was awarded a Commander of the British Empire (CBE) in June 2018.

Alain Vinson, Non-Executive Director

Mr Vinson is presently the CEO and President of PIE Operating LLC, in Houston Texas. He attended Sam Houston State University in Texas where he attained a Bachelor of Science in Business Administration, with an emphasis on management. Alain worked for Interoil Corporation in a variety of roles from 2005 – 2013 where his primary responsibilities included procurement, logistics and project management. His project management skills saw him assume primary responsibility for the co-ordination of Interoil's field activities notably the construction of well sites and the execution and delivery of the civil works programs to support drilling and seismic operations.

COMPANY SECRETARY

The Company Secretary as at the end of the financial year and at the date of this report is Mr Peter Impey.

Mr Peter Impey is a Certified Practising Accountant and a full member of The Chartered Institute of Secretaries & Administrators. He holds a Bachelor of Business degree, majoring in Accounting from the University of Southern Queensland and a Graduate Diploma in Fraud Investigation from the Charles Sturt University in NSW.

Peter has worked in an accounting environment for over thirty years and has worked in a Public Accounting Practice in Papua New Guinea for twelve of the last fifteen years involving preparation of accounts, taxation matters and secretarial responsibilities for companies utilising the registered office.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated group are to pursue, acquire and develop energy related assets in Papua New Guinea and overseas.

OPERATING RESULTS

The net loss of the consolidated group after income tax for the year was US\$ 13,870,814 (2017: US\$ 6,998,746).

Included in the result was US\$11m of non-cash impairment expenses associated with the Group's exploration and development assets in Papua New Guinea. The impairment assessment conducted in respect of the period considered recent challenges faced by the company and the oil industry in general, including unresolved licence tenure issues and the lack of progress in commercialisation of the discovered resources in the Western Province of PNG. The Group has impaired its PNG exploration and development assets, as at 31 December 2019, to a carrying amount of US\$11.1m

DIVIDENDS

No dividends have been paid or declared by the consolidated group since the beginning of the year.

DIRECTORS' REPORT

FINANCIAL POSITION

The net assets of the consolidated group at 31 December 2019 were US\$ 13,715,013 (2017: US\$ 27,585,208). At 31 December 2019 the Group had a cash balance of US\$ 1,783,005 (2017: US\$ 5,226,537).

The attached Annual Report for the Year Ended 31st December 2019 contains an independent Auditor's Report which includes an emphasis of matter paragraph in relation to the going concern basis of accounting. For further information, refer to Note 1 of the Financial Statements, together with the Auditor's Report

STATE OF AFFAIRS

Other than matters detailed in the Review of Operations and Likely Developments, there were no significant changes in the state of affairs of the consolidated group.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

Background

The corporation was formed in 2009 to participate in the exploration and acquisition of oil and gas assets in PNG, and since its float in late 2011, has raised over US\$ 48 million with nearly US\$ 1.8 million cash on hand at the end of 2019.

On 15 February 2019, the board of directors of Kina Petroleum Limited (KPL) announced a proposal to change its "domicile" from PNG to the British Virgin Islands (BVI) through a Scheme of Arrangement (the "Scheme"). The Scheme was overwhelmingly approved by our shareholders by more than 98 % of votes cast at the scheme meeting held in Port Moresby on 21 March 2019. The Scheme involved a new corporate structure under which Kina Petroleum Corporation (KPE) acquired all the shares of KPL and issued Kina Petroleum Corporation shares to all eligible shareholders. Under the Scheme, all KPL shares were transferred to Kina Petroleum Corporation and all eligible KPL Shareholders received one Kina Petroleum Corporation Share in exchange for every 30 KPL shares held.

Shareholders approved the re-domicile of the new entity Kina Petroleum Corporation as part of a plan to more easily access North American investor markets. The Directors believe the Restructure will best support the long-term growth of the Group as it will create a corporate structure that is more aligned with the needs of the international shareholder base of KPL. The Scheme is a precursor to a potential listing on a North American stock exchange, which the Board sees as a key component of the strategy that will support the Company's long-term growth.

The restructure has the potential to:

- offer an expanded investor base;
- provide greater access to investors (particularly in North America);
- is a precursor to a potential listing on a North American exchange such as NASDAQ or NYSE MKT, among others under consideration by the Company;
- facilitate a more liquid market for Kina BVI Shares; and
- allow Kina to raise the capital required to fund future development and exploration.

We are now well placed to execute our plan and believe the timing is right to move forward.

Kina has used the year to restructure its assets and obligations to accord with the oil price levels that now face the industry. The process has seen Kina apply for renewal and/or extension of our Western Province holdings and concurrently test a new field geophysical technique – soil gas sampling - to rank our prospects in the eastern Papuan Basin. Current oil prices are markedly lower than they were a decade ago and in response to this new reality, Kina has cut its costs and investigated new cost-effective technologies to rank and evaluate its prospects.

Kina's acreage across PNG

In eastern PNG where Kina is the operator and 100% equity holder of PPLs 338, 340, 581, 596, 597 and 598, Kina has trialled 2 soil gas geochemistry over the Lizard prospect in PPL 340, and purchased gravity-gradiometry data over its top ranked licence - PPL 338 - which has been integrated with legacy data from PPL 339 and the Triceratops area of northern PPL 338 and Elk Antelope Field. Kina's focus in the east is identifying Elk/Antelope analogues in our acreage adjacent to the giant Antelope discovery with our work in PPL 338 and 581 high-grading the Mangrove Snake Cluster and possible extension of Triceratops into the Triceratops North Prospect. 2 rounds of soil gas geochemical trials have downgraded Lizard Prospect in PPL 340

In western PNG, PRL 21 is our key strategic asset with potential for early cash flow. PRL 21 was awarded in 2011 with 5 successful intersections of the wet gas reservoir within the licence and confirmation of the gas water contacts. A confirmed 2C resource of 48 million barrels of liquids exists in PRL 21. Kina's goal remains early and rapid commercialisation of the field.

DIRECTORS' REPORT

Evaluation of Exploration Acreage

Based on Kina's review of its licences in western PNG and commercial assessment of the prospect inventory Kina has entered negotiation with the DPE to restructure the licences in Western Province to best explore and test the recognised targets. The Fly Platform Hydrocarbon Play for which to date there is only one valid test of the play at Lake Murray 1 remains our focus in the west. Kina has identified critical factors for success for the play and has high-graded key areas for follow-up exploration.

Kina has utilised airborne technology to help confirm the presence of prospects but the cost of further seismic acquisition to confirm a viable sub-surface closure is high and Kina is investigating other technologies to reduce the current high cost for onshore seismic acquisition.

Development Focus

Despite ongoing delays our primary focus remains the development of the 48 million barrels of liquids and 1 TCF of gas from the Elevala and Ketu fields in PRL 21. The sale of the Repsol assets to Arran Energy Niugini Pty Limited has removed one of the impediments to progressing the development. As previously stated, development of the field will require Kina to tap deeper and more sophisticated capital markets and over the last year Kina has been reviewing options available to the company. Kina has completed an independent certification of the resource, a fully costed basis of design for the development and based on robust economics for a potential development is ready to move forward.

Advancing our Exploration Potential

Kina believes the soil gas geochemistry technique is useful for prospect evaluation and sees potential for this technology for de-risking its exploration portfolio particularly in Western Province.

Kina has matured its inventory of prospects and leads integrating all available well, seismic, potential field and non-conventional technologies. Over the year we have completed a full commercial assessment which is being reviewed by an independent consultant.

Existing Projects

The Company's exploration and development projects as at the date of this Annual Report are set out below. These assets are considered to be prospective for oil and gas and work programmes have been developed.

License	Prospect	Ownership	Operator
PPL 338/581/ 596/597/598	Nipa/ Mangrove	Kina 100%.	Kina
PPL 339	Kalangar	Kina 30%*	Oil Search
PPL 340	In progress	Kina 100%	Kina
PPL 435**	In progress	Kina 100%	Kina
PPL 436**	In progress	Kina 100%	Kina
PPL 437***	Malisa South	Kina 57.5%	Kina
PRL 21	Elevala and Ketu Fields	Kina 16.75%	Horizon Oil Ltd

* Subject to farmout agreement with Santos Limited

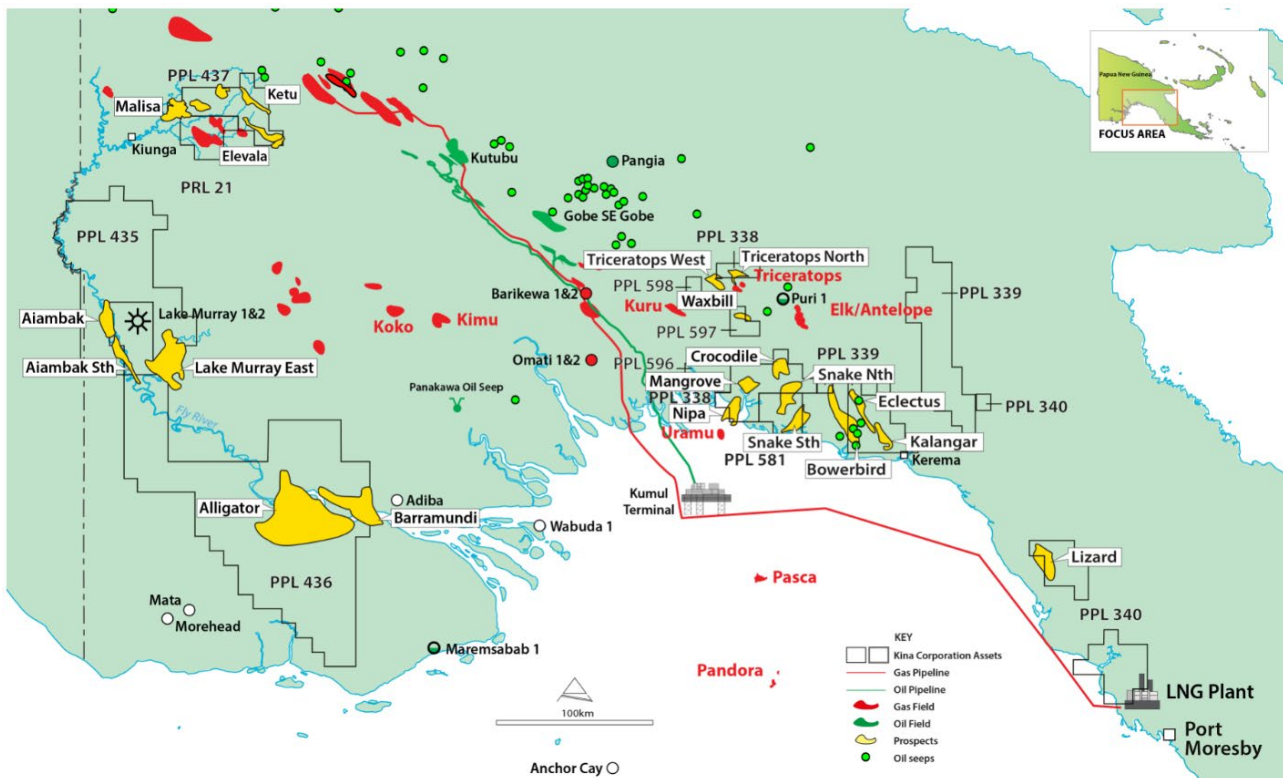
** Surrendered and new applications pending

*** Extension application pending

Overview of PNG Exploration Activities

The majority of the Company's tenements are located within the prospective Papuan Basin of PNG – see below. The projects are prospective for oil and gas close to existing or proposed export infrastructure.

DIRECTORS' REPORT



Exploration and Development activities conducted on these projects during the period together with planned activities are reported in the following sections.

PRL 21 (Kina 16.75%)

PRL 21 remains central to our growth plans and during 2019, Kina has completed its own independent resource certification with a net 2C contingent resource of 8 million barrels of condensate and a net 167BCF gas in PRL 21. We have completed our own "Basis for Design" which clearly demonstrates that development of the liquids is commercially robust at prevailing oil prices.

PRL 21 contains the largest 2C resource in the Western foreland of PNG and Kina continues to advocate early development of the fields should be the focus with production in the early 2020's. With the sale of the Repsol assets to Arran Energy Niugini Pty Limited we believe a major impediment has been removed from moving forward with the development of these fields and Kina is positioning itself to facilitate funding of an early development which will be of significant benefit to all stakeholders.

Early development will quickly change Kina's cash flow situation and significantly increase our market capitalisation which necessitated several structural, financial and logistical changes to the company which were announced last year.

To facilitate progress Kina is moving the head office to Port Moresby and will build up its staffing levels to manage the Company's operations.

Oil prices have been significantly impacted by the recent Coronavirus (Covid-19) outbreak and the dispute between Saudi Arabia and Russia in relation to oil supply. As an oil and gas exploration company with no currently producing or revenue earning assets, the group does not believe that this will have a significant long-term impact on our operations. The oil price will eventually recover and, with the earliest potential production startup for our only development ready asset being 2022, the Group believes that oil prices will recover

DIRECTORS' REPORT

substantially before we are producing any oil or gas. The group has recognised an US\$11m impairment charge on the carrying value of the PRL 21 asset to a value of US\$11.1m.

PPL 338 , 581, 596, 597 and 598 (Kina 100%)

Kina has high-graded Triceratops North, Mangrove, Nipa, Crocodile, Snake North, Snake South and Waxbill prospects. The gravity-gradiometry data purchased last year has been integrated with the reprocessed seismic data. Mangrove, Nipa, Crocodile, Snake and Snake South lie close to each other, have undergone a related structural history and have been designated the Mangrove Snake Cluster.

Ground conditions over Mangrove Snake Cluster are very different to the uplifted terrains of Triceratops North and Antelope. The latter were uplifted quite recently and lie on the leading edge of the presently deforming fold and thrust belt. These recent movements have restructured Triceratops North, West and Antelope and caused foreland subsidence to the south west where the Mangrove Snake Cluster is located. The rapid and recent subsidence of the area close to Snake is generating oil and gas now and pushing it westward towards the Cluster with migration confirmed by the discovery of gas at Uramu south of Nipa. Kina ranks the Mangrove Snake Cluster very high because they have potential for reef development in the late Miocene to early Pliocene where reactivated uplift along the leading edge of older faults caused ramping of the carbonate shelf. The gentle terrain in this presently subsiding basin allows for good access for drilling and seismic equipment thus reducing the cost of future exploration.

At Triceratops North and Antelope late stage structuring along the Kereru Fault makes access difficult and exploration activity expensive. Expense notwithstanding Triceratops North remains an interesting lead area and Kina is investigating seismic ties from Triceratops 3 and 2 to determine if Triceratops North is in communication with the latter 2 wells.

Waxbill lies on the footwall of the Kereru Fault. Waxbill lies on a prospective and along trend possibly of oil tested from a footwall carbonate in the Puri-1 well drilled over 70 years ago. However seismic data is difficult to interpret due to recent movement along the fault and Kundu Petroleum drilled Puri South 1 chasing the footwall carbonate play in 1987. The test proved unsuccessful due to difficulties interpreting the seismic data set and the well was abandoned before reaching its objective. The footwall play has not yet been validly tested and although Kina believes Waxbill could be a reliable test of the play, we consider the prospect higher risk than Triceratops North and the Mangrove Snake Cluster.

PPL 339 (Kina 30%*)

PPL 339 is in the eastern Papuan Basin, approximately 50km south of Antelope. The PPL 339 extension process has been resolved and the Extension was activated effectively.

The Kalangar, Eclectus (K/E) and Bowerbird Prospects remain the focus in PPL 339, but work was deferred pending negotiations between Oil Search and Department of Petroleum (DoP) in respect of extension of the licence.

Kina believes the prospects lie on a structured carbonate ramp possibly established in the Oligo-Miocene, as an extension of an Eastern Shelf bordering the Aure Trough.

The uncertainty associated with the K/E Bowerbird has caused the Operator to look at a number of derisking techniques to improve the chance of success for the prospects. Stratigraphic drilling, magneto-tellurics, and soil gas geochemistry are being considered.

The forward work program is focused on E/K and Bowerbird Prospects because of the abundance of oil and gas seeps located in the trough to their immediate west.

*subject to farmout agreement with Santos.

DIRECTORS' REPORT

PPL 340 (Kina 100%)

Kina was been encouraged by the results of the pilot soil gas survey carried out over the Lizard Prospect in PPL 340. Lizard is a large feature located on the Eastern Shelf close to Port Moresby. The pilot soil gas geochemical survey was completed over Lizard Prospect in late 2018, and Phase 2 was delayed until late 2019 due to extended wet conditions.

Lizard lies on an antithetic fault to the uplifted Owen Stanley block and may be separated from it by an eastern extension of the Lakekamu Embayment.

Previous wells Wahoo-1, Oro-i-1 and Black Bass-1 all had indications of dry gas and are located on the western coastal strip of the Eastern Shelf.

Very early wells Kaufana 1 and Rorona 1 were drilled on an up-lifted high block at the south eastern limits of the Lakekamu Embayment.

Up until the second geochemical survey Lizard remained an attractive prospect because it was located only 158 km from Port Moresby by road. Unfortunately, the phase 2 soil gas survey showed readings increasing off the structure into the basin. Preliminary interpretation suggests the readings were being focussed along a fault uplifting Lizard from a potentially thermogenic kitchen to the south west.

Due to the elevated risk in relation to Lizard follow-up seismic acquisition is not justified. Lizard now ranks lower in the list of exploration opportunities than those described in PPLs 338, 339 and 581.

PPLs 435 and 436 (Kina 100% in both licences)

Both PPL 435 and PPL 436 have reached the end of their first exploration terms. Kina made application for these licences 6 years ago. Over the first 6-year term of the licences Kina developed its play concept for the Fly Platform and has recognised that the existing block configuration does not allow optimal exploration for and testing of the targets along the southern margin of the Platform.

Kina has had discussions with the Department of Petroleum regarding the forward program for these licences and has elected to surrender the licences in their current configuration and has made application for new licences which will allow better exploration of recognised target.

There are multiple reservoir targets in the south east of the Fly Platform, but seismic data show the reservoir sequences onlap the ancestral Lake Murray High to the north west of the platform. Late stage movements along the Fly River fault system has the potential to set up counter regional trapping geometries.

Good access via the Fly River to both prospective areas means helicopter supported drilling operations are not required within the new proposed block configuration.

PPL 437 (Kina 57.5%)

An Extension for PPL 437 was lodged in late 2018. Malisa, Mango and Ebony Prospects remain attractive targets near PRL 21. PPL 437 is in Western Province, immediately north of PRL 21 (Ketu-Elevala) and south of Hides, Muruk, Juha and P'nyang and is obviously well placed with respect to future developments at P'nyang and PRL 21. Kina's work has focused on identifying cost effective means of derisking the prospects in advance of future seismic surveys or drilling.

As stated previously by Kina early commencement of liquids development out of PRL 21 is our first priority which we propose as an independent export hub utilising the Kiungu port on the Fly River.

Malisa prospect is drill ready on a technical basis but is uneconomic on a stand-alone basis. Its commercial attractiveness improves if it can be tied into existing infrastructure such as that proposed for PRL 21.

Ebony and Mango Prospects require additional seismic control to confirm closure prior to drilling but as stated previously seismic is expensive and Kina is investigating new technology to reduce acquisition costs.

Kina has commenced farm out discussions with farminees.

DIRECTORS' REPORT

ENVIRONMENTAL ISSUES

The Company is in material compliance with all applicable environmental regulations, and there have been no reports of breaches of environmental regulations in the financial year and at the date of this report.

REMUNERATION REPORT

Details of the nature and amount of remuneration for each Director of the Company and key management personnel are set out below.

Remuneration Policy and Practices

The Company's policy for determining the nature and amount of remuneration of Board members and senior executives is as follows:

i. Non-Executive Directors

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to its Non-Executive Directors and will review their remuneration annually.

The maximum aggregate annual remuneration of Non-Executive Directors is subject to approval by the shareholders in general meeting. The shareholders have determined at a general meeting held on 9 March 2010 the maximum aggregate remuneration amount to be \$300,000 per year. The Directors have resolved that the cash fees payable to non-executive directors for all Board activities are \$190,000 per year plus, where required, superannuation guarantee contributions of 9% per annum as required by legislation. Additionally, and subject to shareholder approval, non-executive directors may receive an annual allocation of ordinary shares in the company. That allocation shall be \$A 30,000 (\$US 20,729, 2018: \$US 22,431) worth for the Chairman and \$A 20,000 (\$US 13,819, 2018: \$US 14,954) for each non-executive director.

Key management personnel

To pursue the Company's objectives, the Company has assembled a group of Directors which we believe have extensive experience in the Oil and Gas and finance industries. The Company will recruit appropriate key executive management personnel commensurate with the Company's growth in activity. The remuneration structure for key executive management, including Executive Directors will be based on a number of factors, including qualifications, particular experience, general past performance of the individual concerned, overall performance of the Company and general human resources market pricing. There is no predetermined equity compensation element within the executive remuneration structure or predetermined performance conditions to be satisfied. However, ad-hoc grants of equity compensation (through issuance of stock options) have previously been made to key management personnel.

Company performance and director and executive remuneration

The aim of the Company's remuneration policy is to achieve goal congruence between the Company's shareholders, directors and executives.

Director and Executive Shares and Options

There were no Director or Executive Options outstanding at 31 December 2019. All previously issued Director options were exercised in 2013 and all previously issued Executive options had expired by 31 December 2015.

DIRECTORS' REPORT

Remuneration of Directors and Key Management for the year to 31 December 2019

	Short-term benefits		Post employment		Share-based payments		Total	Total remuneration represented by options and shares
	Cash salary and fees	Short term incentives	Super-annuation	Termination benefits	Options	Shares ¹		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
Directors								
Richard Schroder	191,235	-	17,385	-	-	-	208,620	-
Barry Tan	40,318	-	-	-	-	13,819	54,137	26
Dr Ila Temu	40,505	-	-	-	-	13,819	54,324	25
David Vance	50,612	-	-	-	-	20,729	71,341	29
Alain Vinson	31,478	-	-	-	-	13,819	45,297	31
Total Directors	354,148	-	17,385	-	-	62,186	433,719	14
Key Management								
A Mitchell	27,352	-	2,598	17,628	-	-	47,579	-
G Walker	128,127	-	12,172	-	-	-	140,300	-
Total Key Management	155,480	-	14,771	17,628	-	-	187,878	-
Total	509,628	-	32,156	17,628	-	62,186	621,597	10

¹ The annual remuneration of non-executive directors has, since 16 May 2013, included an equity component. Issuing of the shares is subject to shareholder approval at the company's AGM. The value of the shares shown in this table reflects the value of the shares to which directors have become entitled between 1 January 2019 and 31 December 2019. The value of the shares has been expensed annually and reflected in a corresponding increase in reserves.

Remuneration of Directors and Key Management for the year to 31 December 2018

	Short-term benefits		Post employment		Share-based payments		Total	Total remuneration represented by options and shares
	Cash salary and fees	Short term incentives	Super-annuation	Termination benefits	Options	Shares ¹		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
Directors								
Richard Schroder	205,608	-	18,692	-	-	-	224,300	-
Barry Tan	33,645	-	-	-	-	14,656	48,301	30
Dr Ila Temu	33,645	-	-	-	-	14,656	48,301	30
David Vance	41,122	-	-	-	-	21,984	63,106	35
Alain Vinson	33,645	-	-	-	-	14,656	48,301	30
Total Directors	347,665	-	18,692	-	-	65,952	432,309	15

DIRECTORS' REPORT

Key Management

A Mitchell	176,449	-	16,762	-	-	-	193,211	-
Total Key Management	176,449	-	16,762	-	-	-	193,211	-
Total	524,114	-	35,454	-	-	65,952	625,520	11

Directors' securities holdings

As at the date of this report, the relevant interests of the Directors in the securities of the Company were as follows:

Year to 31 December 2019	Number				
	Fully Paid Ordinary Shares				
	Held at end of year	Entitlement ¹ at beginning of year	Entitlement ¹ Accruing during year	Issued during year	Entitlement ¹ at end of year
Richard Schroder	525,079	-	-	-	-
Barry Tan	603,916	9,509	14,690	12,732	11,467
Dr Ila Temu	37,180	9,773	14,690	12,996	11,467
Alain Vinson	971,851	10,494	14,690	13,717	13,819
David Vance	23,838	14,113	22,035	18,948	17,200
	2,161,864	43,889	66,105	58,393	62,186

¹ Non-Executive Directors are entitled to shares as part of their approved remuneration arrangements. The issue of these shares is subject to shareholder approval and the amount of these shares is not included in the amounts noted as being held at year end. In April 2019, shares in KPL were converted to shares in KPE at the rate of 1:30. This has resulted in a substantial reduction in the number of shares held by the directors while retaining the same % holding of the total entity shares.

Year to 31 December 2018	Number				
	Fully Paid Ordinary Shares				
	Held at end of year	Entitlement ¹ at beginning of year	Entitlement ¹ Accruing during year	Issued during year	Entitlement ¹ at end of year
Richard Schroder	15,752,381	-	-	-	-
Barry Tan	17,735,526	31,269	253,985	-	285,254
Dr Ila Temu	725,525	39,192	253,985	-	293,177
Alain Vinson	28,744,029	60,822	253,985	-	314,807
David Vance	146,693	42,427	380,977	-	423,404
	63,104,154	173,710	1,142,932	-	1,316,642

¹ Non-Executive Directors are entitled to shares as part of their approved remuneration arrangements. The issue of these shares is subject to shareholder approval and the amount of these shares is not included in the amounts noted as being held at year end. In April 2019, shares in KPL were converted to shares in KPE at the rate of 1:30. This has resulted in a substantial reduction in the number of shares held by the directors while retaining the same % holding of the total entity shares.

DIRECTORS' REPORT

SHARE OPTIONS

At the end of 2019 and 2018 the number of options over unissued ordinary shares at the date of this report was nil.

MEETINGS OF DIRECTORS

Attendances by each director to meetings of directors (including committee of directors) during the year to 31 December 2019 were as follows:

	Board Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
2019				
Richard Schroder	11	11	-	-
Barry Tan	11	10	2	2
Dr Ila Temu	11	11	2	2
Alain Vinson	11	9	-	-
David Vance	11	11	2	2
2018				
Richard Schroder	12	12	-	-
Barry Tan	12	12	2	2
Dr Ila Temu	12	12	2	2
Alain Vinson	11	11	-	-
David Vance	12	12	2	2

During the year, some Board business was affected by execution of circulated resolutions.

INDEMNIFYING OFFICERS

During the year the Company paid a premium of USD equivalent \$59,749 (2018: \$61,580) in respect of a contract ensuring the Directors and officers of the Company against a liability incurred by such Directors and officers. The Company has not otherwise, during or since the end of the year, indemnified or agreed to indemnify the auditor of the Company, or of any related body corporate, against a liability incurred by such auditor.

PROCEEDINGS

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Oil prices have been significantly impacted by the recent Coronavirus (Covid-19) outbreak and the dispute between Saudi Arabia and Russia in relation to Oil supply. As an oil and gas exploration company with no currently producing or revenue earning assets, this has not had an immediate effect on the Group's operations. Long term oil and gas prices form part of the Group's assessment of projects and a prolonged fall in prices may impact the Group's ability to progress its projects and raise additional funding.

DIRECTORS' REPORT

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors and do not compromise the general principles relating to auditor independence.

Details of the amounts paid or payable to the auditors (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in Note 5.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'R. Schroder', is positioned above the name of the Managing Director.

Mr Richard Schroder
Managing Director

Dated this 31st day of March 2020

CORPORATE GOVERNANCE STATEMENT

The Company has adopted a comprehensive system of control and accountability as the basis for the administration of corporate governance. The Board is responsible to Shareholders for the overall management of the Company's business and affairs. The Directors' overriding objective is to increase Shareholder value within an appropriate framework, which protects the rights and interests of Shareholders and ensures the Company is properly managed.

The Company's corporate governance principles and policies are structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) with 2014 Amendments ("Principles and Recommendations"), which are as follows:

Recommendation 1	Lay solid foundations for management and oversight;
Recommendation 2	Structure the Board to add value;
Recommendation 3	Act ethically and responsibly;
Recommendation 4	Safeguard integrity in corporate reporting;
Recommendation 5	Make timely and balanced disclosures;
Recommendation 6	Respect the rights of security holders;
Recommendation 7	Recognise and manage risk;
Recommendation 8	Remunerate fairly and responsibly;

There is no prescriptive, legislative approach but instead, ASX listed companies are required to explain why they choose to depart from the Principles and Recommendations. The following policies and procedures have been implemented and are available in full on the Company website at www.kinapetroleum.com:

- Code of Conduct;
- Board Charter;
- Nomination and Remuneration Committee Charter;
- Continuous Disclosure Policy and Communication Strategy;
- Audit and Risk Management Committee Charter;
- Share Trading Policy and
- Diversity Policy

In accordance with recommendations of the ASX, information published on the Company's web site includes charters of the Board and its subcommittees, codes of conduct and other policies and procedures relating to the Board and its responsibilities. To the extent that they are relevant to the organisation, the Company has adopted the eight Corporate Governance Principles and Recommendations. The table below summarises the eight principles and recommendations (P&R) and those recommendations not adopted by the Company.

	ASX P&R ¹	If not, why not ²		ASX P&R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.2	✓	
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 1.4	✓		Recommendation 6.1	✓	
Recommendation 1.5		✓	Recommendation 6.2	✓	
Recommendation 1.6	✓		Recommendation 6.3	✓	
Recommendation 1.7	✓		Recommendation 6.4	✓	
Recommendation 2.1		✓	Recommendation 7.1	✓	
Recommendation 2.2	✓		Recommendation 7.2		✓
Recommendation 2.3	✓		Recommendation 7.3	✓	
Recommendation 2.4		✓	Recommendation 7.4	✓	
Recommendation 2.5	✓		Recommendation 8.1		✓
Recommendation 2.6	✓		Recommendation 8.2	✓	
Recommendation 3.1	✓		Recommendation 8.3	✓	
Recommendation 4.1	✓				

Notes

- 1 Indicates where the Company has followed the Principles and Recommendations.
 2 Indicates where the Company has provided "if not, why not" disclosure.

CORPORATE GOVERNANCE STATEMENT

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1: A listed entity should disclose (a) the respective roles and responsibilities of its board and management, and (b) those matters expressly reserved to the board and those delegated to management

The Company has adopted a Board Charter, which discloses the specific responsibilities of the Board and a summary of the Company's Board Charter is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

Recommendation 1.2: A listed entity should (a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director, and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company has adopted a Board Charter which deals specifically with Board nominations and appointment of directors.

Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The company has such agreements in place.

Recommendation 1.4: The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The company secretary is accountable to the board through the chair.

Recommendation 1.5: The company should have and disclose a diversity policy, including measureable objectives for achieving gender diversity, its progress towards achieving those objectives and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation.

Notification of Departure from Principles:

Whilst the company has established a diversity policy which is available for review at the company's website www.kinapetroleum.com, incorporating the concept of measurable objectives in respect of the policy, such measurable objectives have not been disclosed.

Explanation for Departure:

Given the phase of the company's development and the current economic environment within the oil and gas industry, the company has no requirement for human resourcing levels beyond the existing key management roles. Accordingly, implementing a diversity policy at this time over such a small workforce is unlikely to be able to be achieved without sacrificing core management skills and accordingly, is viewed as counterproductive and contrary to the best interests of the company.

Recommendation 1.6: The company should (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors, and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company has adopted a Board Charter, which discloses the process by which board evaluation takes place. This is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

During 2016, a Board evaluation process was undertaken. Conducted by the Chairman with the assistance of the Group Secretary, the evaluation process commenced with the Directors providing responses to a range of questions (formulated by the Australian Institute of Company Directors) relating to Board performance and function. These responses were then reviewed by the Chairman and subsequently discussed as a full Board group. Unanimity of positive views existed on most issues and where there was a divergences of views, it was accepted by the Board that this was (i) a function of factors beyond the Company's control and impacting all industry participants in PNG, notably the recent low oil price environment and the timing of regulatory approvals, and therefore (ii) something expected to have a limited short-term impact for which it is reasonable to assume there will be a consensus of positive opinion amongst Board members when addressed in future Board evaluations.

In light of corporate activity levels, the next board evaluation is expected to be in late 2020 or early 2021.

Recommendation 1.7: A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives, and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Plan includes a Board Charter which discloses that the Chairman will review the performance of all senior executives on an ongoing basis by way of informal meetings and reporting his findings to the board. This occurred throughout the reporting period, including via discussion with external auditors at meetings of the Audit Committee

Principle 2 – Structure to the Board to add value

Recommendation 2.1: *The board of a listed entity should have a nomination committee which has at least 3 members, the majority of whom are independent, is chaired by an independent director and disclose the charter of the committee, the members of the committee and the number of times throughout the reporting period that the committee has met.*

If a listed entity does not have a committee, it should disclose that fact and how it deals with matters that would otherwise be considered by a nomination committee.

Notification of Departure from Principles:

The Company has not established a separate Nomination Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a nomination committee.

Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it will operate under the Nomination Committee Charter. The Nomination Committee Charter provides for the Board to meet at least annually and otherwise as required.

Recommendation 2.2: *A listed entity should have and disclose a skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The company's skills matrix is shown in the Board Charter, available on the Company's website www.kinapetroleum.com under the section marked Corporate Governance.

Recommendation 2.3: *A listed entity should disclose (a) the names of the directors considered by the board to be independent, (b) if a director has an interest, position, association or relationship which might otherwise suggest non-independence but the board is of the opinion that it does not compromise the independence of the director, then an explanation of why the board is of that opinion, and (c) the length of service of each director.*

The Directors' report notes the length of each director's service and whether they are independent. Mr David Vance, despite being a nominee of the company's largest shareholder is considered independent because in discharging his responsibilities as a director he applies an independent frame of mind.

Recommendation 2.4: *A majority of the Board should be Independent Directors*

Notification of Departure from Principles:

The company has five directors, two of which are considered independent.

Explanation for Departure:

The Company's Constitution requires that the minimum number of Directors is 3. The Company presently has five Directors consisting of four Non-Executive Directors and one Managing Director.

Mr David Vance, the Company's non-executive Chairman, and Dr Ila Temu, a Non-Executive Director, are considered independent.

Of the other directors, Richard Schroder is the Managing Director of the Company. Barry Tan is no longer a substantial shareholder of the Company but has had a long tenure as a director. Alain Vinson was appointed to the Board in September 2017 as a Non-Executive Director but is a substantial shareholder of the Company and former associate of one of the Company's substantial shareholders. These factors aside, the Board believes that Mr Vinson brings an appropriate mix of skills to the Board which (a) complement those already provided by the existing directors, and (b) will assist the next phase of the Company's growth. In making the assessment of whether Mr David Vance is considered to be an Independent Director, the Board had to consider his association with a substantial shareholder of the Company. The Board considers that notwithstanding this association, Mr David Vance applies an independent frame of mind in his role of Non-Executive Director and has therefore classified him as independent.

CORPORATE GOVERNANCE STATEMENT

Recommendation 2.5: *The Chair should be an independent director and in particular should not be the same person as the CEO.*

The Company's Chairman, Mr David Vance, is an independent Non-Executive Director and not the CEO of the company.

Recommendation 2.6: *A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The Board Charter contained within the company's Corporate Governance Plan provides that board members have access to company information as required. New Board members will also be inducted by the Chairman or CEO as appropriate.

Principle 3 – Act Ethically and Responsibly

Recommendation 3.1: Companies should establish a code of conduct for its directors, senior executives and employees and disclose the code or a summary of the code or a summary the code

The company has adopted a code of conduct which appears in the Corporate Governance Plan available on the company's website www.kinapetroleum.com under the heading Corporate Governance.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1: *The Board should establish an Audit Committee*

Recommendation 4.2: *The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained, the financial statements give a true and fair view and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

Recommendation 4.3: *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The Company complies with all three recommendations having established an Audit Committee which consists of the three Non-Executive directors and is chaired by an independent Director who is not the Company Chairman.

The Company has an Audit and Risk Management Committee Charter, a copy of which is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance. The company's auditors attend the AGM and are available to answer questions from security holders.

The Company will provide an explanation of any departure from Principles and Recommendation 4.1, 4.2 or 4.3 (if any) in its future annual reports.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1: *A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the listing rules, and (b) disclose that policy or a summary of it.*

The Board has adopted a Continuous Disclosure Policy and Communication Strategy and has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. A copy of the Company's Continuous Disclosure Policy and Communication Strategy is available on the Company's website.

The Company will provide an explanation of departures from Principles and Recommendation 5.1 (if any) in its future annual reports.

Principle 6 – Respect the rights of security holders

Recommendation 6.1: *A listed entity should provide information about itself and its governance to investors via its website*

The company's corporate governance plan is available on the company's website www.kinapetroleum.com under the section headed Corporate Governance. This annual report is also available on the company's and ASX's website.

CORPORATE GOVERNANCE STATEMENT

Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Recommendation 6.3: A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company has established its Continuous Disclosure Policy and Communications Strategy to ensure it communicates effectively with shareholders. The Continuous Disclosure Policy and Communication Strategy ensures that shareholders are provided with ready access to balanced and understandable information about the Company and corporate proposals and that participation in general meetings of the Company is as accessible as possible. A summary of the Company's Continuous Disclosure Policy and Communication Strategy is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

The Company will provide an explanation of departures from Principles and Recommendations (if any) in its future annual reports.

Principle 7 – Recognise and manage risk

Recommendation 7.1: The board of a listed entity should have a committee or committees to oversee risk. The committee(s) should have at least 3 members a majority of whom are independent directors and be chaired by an independent director. If it does not have a committee or the committee does not satisfy the criteria in recommendation 7.1 then the company should disclose this, and the processes used for overseeing the company's risk management framework.

Recommendation 7.2: The board or a committee of the board should (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and (b) disclose in relation to each reporting period, whether such a review has been undertaken.

Actively considered at each meeting of the Board of Directors are the risks faced by the company and the systems and framework in place to manage them. During 2019, the company was focussed on preserving and increasing working capital to allow it to meet its work commitments in the near term. These activities, and the continuation of the farmout effort into 2020 may involve potential exposure to material risks, but these are inherently fewer in number and complexity than the risks associated with field-based activity. Accordingly, as the Board was satisfied that existing risk management practices and frameworks could adequately mitigate any risks that arose, a formal review did not otherwise occur. The Board will continue to assess the need for formal review of the company's risk management framework.

Recommendation 7.3: A listed entity should disclose (a) if it has an internal audit function, and (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage those risks.

The Company has established an Audit and Risk Management Committee to monitor and review on behalf of the Board the system of risk management which the Group has established. This system aims to identify, assess, monitor and manage operational and compliance risks.

A copy of the Audit and Risk Management Charter and the Risk Management policy is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

The Board seeks written assurance from the Managing Director and CFO that systems of risk management and internal control are operating effectively in all material respects in relation to financial reporting.

The Company does not have an Internal Audit function as the scale of operations does not presently justify the existence of such a function. The matters that would customarily be dealt with by an internal audit function are managed by the Audit and Risk Management Committee via its charter. Additionally, as part of annual external audit, the company's auditors make enquiries of senior executives with regard to internal controls and similar processes and report the results of their enquiries to the Committee.

The company's exposure to risks of an economic, environmental and social nature are those which are common to participants in the Oil and Gas industry worldwide. The company manages economic risk through its business model of farming out higher risk exploration activity and only investing directly in development activity which is commercially viable. Environmental and social risks are managed through adherence to the requirements of the Oil and Gas Act (1998) and addressing landowner issues whenever the company is conducting field operations.

CORPORATE GOVERNANCE STATEMENT

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1: The Board should establish a Remuneration Committee which has at least 3 members, a majority of whom are independent and which is chaired by an independent director. The charter and members of the committee, along with the number of meetings and attendees should be disclosed.

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a remuneration committee.

Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it will operate under the Remuneration Committee Charter. The Remuneration Committee Charter provides for the Board to meet at least annually and otherwise as required.

Under the Remuneration and Nomination Committee Charter, the role of the Board (when convening as the Remuneration Committee) is to review the Company's remuneration practices and policies and establish appropriate remuneration levels including incentive policies for Directors and senior executives.

Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of its non-executive directors and the remuneration of executive directors and other senior executives.

Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should (a) have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme, and (b) disclose that policy of a summary of it.

As noted above, the full Board performs the function of the Remuneration Committee. To assist the Board to fulfil this function, it has adopted the Remuneration and Nomination Committee Charter, a copy of which is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed. There are no termination or retirement benefits for non executive Directors (other than for superannuation)

It is the Company's policy to prohibit transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company will provide an explanation of any departure from Principle and Recommendation 8.1, 8.2 or 8.3 (if any) in its annual report.

STATEMENTS OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Group 2019	2018	Company 2019	2018
		US\$	US\$	US\$	US\$
Revenue	2	1,558	5,367	-	-
Net administration expense	3	(1,288,240)	(1,227,987)	(168,676)	-
Exploration expense	21b	(1,607,714)	(1,698,634)	-	-
Impairment of Assets	21b	(11,000,000)	(4,033,985)	-	-
Impairment of investment in subsidiaries	24	-	-	(12,585,984)	-
Share based payments	17	10,043	(65,952)	-	-
Foreign exchange gains/(losses), net		13,539	22,445	-	-
Loss before income tax		(13,870,814)	(6,998,746)	(12,754,660)	-
Income tax expense	4	-	-	-	-
Loss after income tax attributable to members of the parent entity		(13,870,814)	(6,998,746)	(12,754,660)	-
Other comprehensive income					
Items that may be subsequently reclassified to profit and loss					
Foreign currency translation difference for the year, net of tax		8,976	(38,020)	-	-
Other comprehensive (loss)/income for the year		8,976	(38,020)	-	-
Total comprehensive loss for the year attributable to members of the Parent Entity		(13,861,838)	(7,036,766)	(12,754,660)	-

Earnings per share

From continuing operations:

		In US cents			
Basic loss per share	23	(108.36)	(1.83)	(106.78)	-
Diluted loss per share	23	(108.36)	(1.83)	(106.78)	-

The above statements of total comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		US\$	US\$	US\$	US\$
CURRENT ASSETS					
Cash and cash equivalents	6	1,783,005	5,226,537	-	-
Trade and other receivables	7	107,590	33,659	-	-
Other current assets	8	29,555	21,303	16,422	1
TOTAL CURRENT ASSETS		1,920,150	5,281,499	16,422	1
NON-CURRENT ASSETS					
Exploration and evaluation expenditure	9	11,593,498	22,338,463	-	-
Plant and equipment	10	22,023	7,124	-	-
Investment in subsidiaries	24			13,892,046	-
Loans receivable	11		-	-	-
Other non-current assets	12	456,261	291,200	-	-
TOTAL NON-CURRENT ASSETS		12,071,782	22,636,787	13,892,046	-
TOTAL ASSETS		13,991,932	27,918,286	13,908,468	1
CURRENT LIABILITIES					
Trade and other payables	13	224,783	251,221	-	-
Provisions	14	47,340	60,223	-	-
Loans payable	15		-	193,455	-
TOTAL CURRENT LIABILITIES		272,123	311,444	193,455	-
NON-CURRENT LIABILITIES					
Provisions	14	4,795	21,634	-	-
TOTAL NON-CURRENT LIABILITIES		4,795	21,634	-	-
TOTAL LIABILITIES		276,918	333,078	193,455	-
NET ASSETS		13,715,014	27,585,208	13,715,013	1
EQUITY					
Issued capital	16	26,535,318	53,763,235	26,535,318	1
Reserves	27	27,190,698	(37,839)	(65,645)	-
Accumulated losses		(40,011,002)	(26,140,188)	(12,754,660)	-
TOTAL EQUITY		13,715,014	27,585,208	13,715,013	1

The above statements of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board:
31st March 2020



Mr Richard Schroder
Managing Director



Mr David Vance
Non-Executive Chairman

STATEMENTS OF CHANGES IN EQUITY

Group	Ordinary Issued Capital US\$	Accumulated Losses US\$	Reserves US\$	Total US\$
For the year ended 31 December 2019				
Balance at 31 December 2018	53,763,235	(26,140,188)	(37,839)	27,585,208
Loss for the year	-	(13,870,814)	-	(13,870,814)
Other comprehensive income				
Foreign currency translation difference	-	-	8,976	8,976
Total comprehensive loss for the year	-	(13,870,814)	8,976	(13,861,838)
Transactions with owners in their capacity as owners:				
Shares issued to Non-Executive Directors under Employee Incentive Plan	57,288		(129,517)	(72,229)
Share entitlement under Employee Incentive Plan	-	-	63,872	63,872
Reorganisation and Restructure	(27,285,206)		27,285,206	-
Total transactions with owners for the year	(27,227,918)	-	27,219,561	(8,357)
Balance at 31 December 2019	26,535,318	(40,011,002)	27,190,698	13,715,014
For the year ended 31 December 2018				
Balance at 31 December 2017	53,763,235	(19,141,442)	(65,771)	34,556,022
Loss for the year	-	(6,998,746)	-	(6,998,746)
Other comprehensive income				
Foreign currency translation difference	-	-	(38,020)	(38,020)
Total comprehensive loss for the year	-	(6,998,746)	(38,020)	(7,036,766)
Transactions with owners in their capacity as owners:				
Shares to be issued to Non-Exec. Directors	-	-	65,952	65,952
Total transactions with owners for the year	-	-	65,952	65,952
Balance at 31 December 2018	53,763,235	(26,140,188)	(37,839)	27,585,208

The above statements of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

Company	Ordinary Issued Capital US\$	Accumulated Losses US\$	Reserves US\$	Total US\$
For the year ended 31 December 2019				
Balance at 31 December 2018	1	-	-	1
Loss for the year	-	(12,754,660)	-	(12,754,660)
Other comprehensive income				
Foreign currency translation difference for the period, net of tax	-	-	-	-
Total comprehensive loss for the year	-	(12,754,660)	-	(12,754,660)
Transactions with owners in their capacity as owners:				
Shares issued to Non-Executive Directors under Employee Incentive Plan	57,288		(129,517)	(72,229)
Share entitlement under Employee Incentive Plan	-	-	63,872	63,872
Reorganisation and Restructure	26,478,029		-	26,478,029
Total transactions with owners for the year	26,535,317	-	(65,645)	26,469,672
Balance at 31 December 2019	26,535,318	(12,754,660)	(65,645)	13,715,013
For the year ended 31 December 2018				
Balance at 1 January 2017	1	-	-	1
Loss for the period	-	-	-	-
Other comprehensive income				
Foreign currency translation difference for the period, net of tax	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners:				
Shares to be issued to Non-Exec. Directors	-	-	-	-
Total transactions with owners for the year	-	-	-	-
Balance at 31 December 2018	1	-	-	1

The above statements of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		US\$	US\$	US\$	US\$
CASH FLOW FROM OPERATING ACTIVITIES					
Exploration and evaluation expenditure		(1,607,714)	(1,589,067)	-	-
Payments to suppliers and employees		(1,325,491)	(1,347,710)	(193,455)	-
Interest received		1,558	5,367	-	-
Net cash used in operating activities	20	(2,931,647)	(2,931,410)	(193,455)	-
CASH FLOW FROM INVESTING ACTIVITIES					
Exploration and evaluation expenditure		(525,424)	(743,100)	-	-
Acquisition of plant and equipment		-	-	-	-
Net cash (used in)/from investing activities		(525,424)	(743,100)	-	-
CASH FLOW FROM FINANCING ACTIVITIES					
Loans to wholly owned subsidiaries		-	-	193,455	-
Net cash (used in)/from financing activities		-	-	193,455	-
Effect of exchange rate changes on cash and cash equivalents		13,539	(32,318)	-	-
Net (decrease)/increase in cash and cash equivalents held		(3,443,532)	(3,706,828)	-	-
Cash at beginning of year		5,226,537	8,933,365	-	-
Cash at end of year	20	1,783,005	5,226,537	-	-

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Note 1 - Summary of Significant Accounting Policies

These consolidated financial statements and notes represent those of Kina Petroleum Corporation and Controlled Entities (the "consolidated group" or "Group"). Kina Petroleum Corporation is a company incorporated in the British Virgin Islands.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Standards Interpretations Committee.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1s.

The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern basis of accounting

Notwithstanding the net loss after income tax for the consolidated group for the financial year ended 31 December 2019 of US\$13,870,814 (2018: US\$6,998,746), the financial statements have been prepared on a going concern basis.

These financial statements have been prepared on a going-concern basis, which assumes that the Group will continue to progress its exploration and development activities in accordance with its normal plans. Based on the Group's cash flow forecast the Group will require additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities and meeting its annual minimum tenement expenditure commitment.

As a result of the need to acquire additional funding in the next 12 months, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The directors have based this on the following pertinent information:

- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements;
- The Directors believe that future funding will be available to meet the Group's objectives and debts as and when they fall due, including through engaging with parties interested in joint venture arrangements and/or raising additional capital through equity placements to existing or new investors. The Group has a demonstrated history of success in this regard.

The Group's major shareholder has the capacity to contribute sufficient capital as and when required to meet the Group's capital requirements.

Changes in accounting policies and disclosures

(a) New and amended standards applicable to, or adopted by, the Group

The following standards became effective in the year ended 31 December 2019, however none materially impact the Group.

- Amendment to IFRS 9 on prepayment features with negative compensation. This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate
- IFRIC 23, 'Uncertainty over income tax treatments' clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes' are applied where there is uncertainty over income tax positions. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. A subsequent IC agenda decision also provided guidance on the presentation of uncertain tax positions.
- Amendments to IAS 28 'Investments in associates' on long term interests in associates and joint ventures. These amendments clarify that long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using IFRS 9. This includes the impairment requirements in IFRS 9.
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.
- Annual improvements 2015 – 2017. These amendments include minor changes to:
 - IFRS 3 'Business combination' – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - IFRS 11 'Joint arrangements' – a company does not remeasure its previously held interest in a joint operation when it obtains control of the business.
 - IAS 12 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
 - IAS 23 "Borrowing costs" – a company treats as part of general borrowings any borrowings originally made to develop an asset when the asset is ready for its intended use or sale.
- IFRS 16, 'Leases' removes the previous IAS 17 distinction between finance leases and operating leases and now requires a lessee to recognise a lease liability representing future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 Transitional Impact effective 1st January 2019 is explained below.

The Group has adopted IFRS 16 Leases as issued by the IASB in January 2016 with a date of transition of 1 January 2019, which resulted in changes in accounting policies. The Group did not early adopt IFRS 16 in previous periods.

As permitted by the transitional provision of IFRS 16, the Group has elected to adopt simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings. The Group has also applied the following practical expedients under IFRS 16:

- No adjustments are made on transition for leases for which the underlying asset is of low value.
- The Group does not apply the standard to leases which the lease term ends within 12 months from 1 January 2019

- The Group uses hindsight in determining lease term for contracts that contain options for extension or termination.

Implementation of IFRS 16 did not result in material adjustment at time of adoption. The other changes did not have any material impact on the Group.

(b) Standards, amendment and interpretations issued but not yet effective for the year ended 31 December 2019 or adopted early. Unless otherwise stated, the following standards are not expected to have a significant impact to the Group.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the entity's accounting periods beginning on or after 1 January 2020 or later periods, but the entity has not early adopted them

- Amendments to IFRS 3 – definition of a business (effective 1 January 2020). This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- Amendments to IAS 1 and IAS 8 on the definition of 'material' (effective 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
 - use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting
 - clarify the explanation of the definition of material; and
 - incorporate some of the guidance in IAS 1 about immaterial information.
- Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform (effective 1 January 2020). Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. These amendments relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement under both IAS 39 and IFRS 9. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.
- IFRS 17 'Insurance contracts' (effective 1 January 2021) replaces IFRS 4. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The group is currently assessing the impact these changes will have on future financial statements

Accounting Policies

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Kina Petroleum Corporation at the end of the reporting period. A controlled entity is any entity over which Kina Petroleum Corporation has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 24 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below.

Interest revenue is recognised using the effective interest method. Operator fee revenue is recognised in respect of Group's role as operator of certain joint operations and is calculated in accordance with the joint operating agreements governing those operations.

(e) Income tax

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained using the liability method based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(g) Exploration and Evaluation expenditure*Exploration and Evaluation Expenditure*

Exploration expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration expenditure to be expensed in the period it is incurred except for:

- The cost of successful wells;
- The cost of acquiring interest in new exploration assets; and
- pre-development costs where there is a high degree of probability that the development will go ahead.

These costs are capitalised.

Costs directly associated with the drilling of exploration wells and any associated geophysical and geological costs are initially capitalised pending determination of whether potentially economic reserves of hydrocarbons have been discovered. Areas of interest are recognised at the cash generating unit level, being the smallest grouping of assets generating independent cash flows which usually is represented by an individual oil or gas field.

As capitalised exploration expenditure is not available for use, it is not amortised.

Exploration expenditures charged to profit and loss are classified as operating activities while capitalised exploration expenditures are classified as investing activities in the statement of cash flows.

When an oil or gas field has been approved for development, the capitalised exploration expenditure would be reclassified as Development Expenditure in the Statement of Financial Position. Prior to reclassification, capitalised exploration expenditure would be assessed for impairment.

Impairment of Exploration and Evaluation Expenditure

Exploration expenditure is reviewed at least annually for impairment in accordance with the requirements of IFRS 6, Exploration for and Evaluation of Mineral Resources. The carrying value of exploration expenditure is assessed for impairment at the asset or cash generating unit level (usually represented by a Prospecting or Retention licence area) whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Impairment losses are recognised as an expense in the statement of total comprehensive income.

Capitalised exploration expenditure that has previously been impaired is tested for possible reversal of the impairment loss whenever facts or changes in circumstances indicate that the impairment may have reversed.

(h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(i) Foreign currency transactions and balances

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollar which is Kina Petroleum Corporation's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/ (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Group companies

The results and financial position of foreign subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- income and expense on the statement of total comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and;
- all resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(j) Financial instruments

Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expenses. Receivables and payables are stated with the amount of GST included. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within 12 months after the end of the period in which the employee rendered the related service have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(n) Earnings per share

Basic loss per share is determined by dividing the operating loss after income tax attributable to members of the Parent Entity by the weighted average number of ordinary shares outstanding during the financial year.

When the Group has an operating loss after income tax and the conversion of ordinary share capital in respect of potential ordinary shares does not lead to a diluted earnings per share that shows an inferior view of the earnings performance of the consolidated group, than is shown by basic loss per share, the diluted loss per share is reported the same as basic loss per share.

(o) Share based payments

The Group may operate equity-settled share-based payment employee share and option schemes, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(p) Segment reporting

The consolidated group identifies its reportable operating segments based on the internal reports that are reviewed by the Board of directors. Corporate office activities are not allocated to operating segments and form part of the balance of unallocated revenue, expenses, assets and liabilities.

(q) Plant and equipment

Each class of plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All repairs and maintenance are charged to the statement of total comprehensive income during the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20 - 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of total comprehensive income.

(r) Joint arrangements

A Joint arrangement is an arrangement in which two or more parties have joint control. A joint arrangement has two characteristics: (1) the parties are bound by a contractual arrangement; and (2) the contractual arrangement gives two or more of those parties joint control of the arrangement.

The Group's interests in joint arrangements are treated as a joint operation. The Group recognises its interest in a joint operation by recognising its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation, and its expenses, including its share of any expenses incurred jointly.

(s) Leases

The Group leases commercial property. Rental contracts are typically made for a fixed period of 2 years which contains extension options. The lease agreements do not impose any covenants. The remaining term of the Group's leases is only 13 months and adoption of IFRS 16 does not have a material impact on the financial statements.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Variable lease payments

The Group's rental payments is subject to 4% increase based on the annual review.

Extension and termination options

Extension and termination options are used to maximize operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, there had been no changes in the lease term.

Residual value guarantees

The Group does not provide residual value guarantees in relation to its leases.

(f) Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability and impairment of exploration and evaluation costs

The application of the Group's accounting policy for exploration and evaluation expenditure necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of total comprehensive income.

Share-based payments

The fair value of shares to which non-executive directors are entitled is based on market price at measurement date. The fair value of these shares appear at note 17(a).

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
Note 2 – Revenue				
Interest income	1,558	4,367	-	-
	1,558	4,367	-	-
Note 3 – Net Administration expense				
Salaries and employee benefits	661,968	615,183	-	-
Professional fees	407,575	356,293	24,263	-
Transportation and travel	146,017	105,362	-	-
Legal and regulatory	145,309	76,541	99,415	-
Occupancy and insurance	159,399	164,359	44,998	-
On-charged Expenses	-	-	-	-
Charged to exploration	(545,409)	(444,456)	-	-
Imp. Of Rel Pty Receivables and Balances		-	-	-
Administration and Other	313,381	354,705	-	-
	1,288,240	1,227,987	168,676	-

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
Note 4 - Income tax expense				
(a) The components of income tax expense comprise:				
Benefit from deferred tax	4,161,712	2,101,234	(3,826,398)	-
Deferred tax assets not recognised	(4,161,712)	(2,101,234)	3,826,398	-
	-	-	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax benefit on the loss from ordinary activities at 30%	(4,161,244)	(2,099,624)	(3,826,398)	-
Add Tax effect of:				
Expenses not deductible for tax	-	-	-	-
Deferred tax assets not recognised	4,161,712	2,101,234	3,826,398	-
Less tax effect of:				
Income not assessable for tax	(468)	(1,610)	-	-
(Income tax expense/(benefit))	-	-	-	-
Tax losses benefit				
Deferred tax assets not recognised for which no taxation benefit has been recognised	11,432,385	7,270,673	3,826,398	-

The taxation benefits will only be obtained if:

- (i) the consolidated group derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the consolidated group continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the consolidated group in realising the benefits.

Note 5 - Auditors' remuneration

Remuneration of the auditor of the parent entity for:

- auditing/reviewing financial reports	44,984	37,931	-	-
- other services	5,022	3,499	-	-
	50,006	41,430	-	-

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
Note 6 – Cash and cash equivalents				
Cash at bank	1,783,005	5,226,537	-	-
Note 7 - Trade and other receivables				
Current				
Cash calls in advance	88,828	8,526	-	-
Other receivables	18,762	25,133	-	-
	107,590	33,659	-	-

Trade and other receivables do not carry any interest and are due within one year. All trade and other receivables are within credit terms and not considered impaired.

Note 8 – Other current assets

Other current assets as at 31 December 2019 relate to prepaid insurance.

Note 9 – Exploration and evaluation expenditure

Costs carried forward in respect of areas of interest in the exploration phase:

Balance at beginning of the year	22,338,463	25,710,007	-	-
Net Expenditures incurred	255,035	662,441	-	-
Impairment provision	(11,000,000)	(4,033,985)	-	-
Funds received for future abandonment costs	-	-	-	-
Expenditure transferred to subsidiaries at cost	-	-	-	-
Carrying amount at end of the year	11,593,498	22,338,463	-	-

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and commercial exploitation of the tenements. Recoverability is assessed at least annually and in the event of an impairment in carrying value, an adjustment is made accordingly.

An impairment provision of \$11,000,000 has been recorded against capitalized exploration and evaluation expenditure in respect of the PRL 21 project in the year ended 31 December 2019. Assessment of the recoverable value of the expenditure was determined based on the forecast interest in future production of the project, with a management overlay applied to reflect risks and uncertainties inherent in the project.

The impairment charge of \$4,033,985 in the year ended 31 December 2018 related to the write off of previously capitalized exploration and evaluation expenditure in respect of the PRL 38 license, following expiration of the license.

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
Note 10 – Plant and equipment				
Leasehold improvements, at cost	43,566	43,566	-	-
Accumulated depreciation	(43,566)	(43,566)	-	-
	-	-	-	-
Office Equipment, at cost	11,272	11,272	-	-
Accumulated depreciation	(11,272)	(11,272)	-	-
	-	-	-	-
Motor Vehicles, at cost	29,182	16,635	-	-
Accumulated depreciation	(17,051)	(16,635)	-	-
	12,131	-	-	-
IT equipment, at cost	47,569	42,221	-	-
Accumulated depreciation	(37,677)	(35,097)	-	-
	9,892	7,124	-	-
	22,023	7,124	-	-

Note 11 – Loans Receivable

Loans receivable represent non-interest bearing finance provided by Kina Petroleum Corporation to wholly owned entities to advance the Company's operations. The loans are receivable on demand. Movement in receivable balances are as follows:

Balance at beginning of the year	-	-	-	-
Advances during the year	-	-	-	-
Provision for Impairment	-	-	-	-
Balance at end of the year	-	-	-	-

Note 12 – Other Non-Current assets

Other non-current assets comprise cash held by financial institutions as bank guarantees in respect of work program obligations of the Petroleum Prospecting licences which the company operates. These are denominated in Papua New Guinea Kina (PGK) and are interest bearing, amounting to \$285,303 (2018 \$291,200) and prepaid Directors and Officers insurance related to the company restructure completed during the year amounting to \$170,958 (2018 \$Nil).

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
Note 13 – Trade and other payables				
Trade payables	139,928	38,564	-	-
Sundry payables and accrued expenses	84,855	212,657	-	-
	224,783	251,221	-	-
Note 14 - Provisions				
Current				
Annual Leave	20,902	33,926	-	-
Long Service Leave	26,438	26,297	-	-
	47,340	60,223	-	-
Non-Current				
Long Service Leave	4,795	21,634	-	-
Note 15 – Loans payable				
Loans payable represent non-interest bearing cash provided by Kina Oil and Gas Pty Limited for the Company's operations. The loans are payable on demand. Movement in loan balances are as follows:				
Balance at beginning of the year	-	-	-	-
(Repayments)/Borrowing during the year	-	-	136,167	-
Balance at end of the year	-	-	136,167	-
Note 16 – Issued capital				
12,816,790 (2018: 382,752,788) fully paid ordinary shares	26,535,318	53,763,235	26,535,318	1
(a) Fully paid ordinary shares	No of shares	US\$	No of shares	US\$
For the year ended 31 December 2019				
Balance at beginning of year	382,752,788	53,763,235	1	1
Share transactions during the year:			-	-
Shares issued to Non Executive Directors under Employee Incentive Plan	58,393	57,288	58,393	57,288
Reorganisation and Restructure	(369,994,391)	(27,285,206)	12,758,396	26,478,029
Balance at end of year	12,816,790	26,535,318	12,816,790	26,535,318
For the year ended 31 December 2018				
Balance at beginning of year	382,752,788	53,763,235	1	1
Shares transactions during the year:				
Balance at end of year	382,752,788	53,763,235	1	1

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote.

Ordinary shares have no par value.

(b) Options over unissued shares

There are no options over unissued shares.

(c) Share-based payments

The shares due to non-executive directors will be put forward for approval at the company's next Annual General Meeting. It is expected that all shares due will be issued during 2020.

Refer to the remuneration report and note 17 for details of the number of shares due to non-executive directors.

(d) Capital management

When managing capital, management's objective is to ensure the consolidated group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the consolidated group.

Management adjusts the capital structure to the extent possible to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The consolidated group is not subject to any externally imposed capital requirements, nor does it focus on obtaining debt as a key capital management tool.

Note 17 - Interests of key management personnel (KMP)

Names and positions held of Company key management personnel in office at any time during the year were:

Richard Schroder (appointed 31 May 2011)	Executive Director
Barry Tan (appointed 1 March 2009)	Non-executive Director
Dr Ila Temu (appointed 31 May 2011)	Non-executive Director
David Vance (appointed 6 November 2014, and appointed Chairman 11 September 2017)	Non-executive Chairman
Alain Vinson (appointed 11 September 2017)	Non-executive Director
Alex Mitchell (resigned February 2019)	Chief Financial Officer
Geoff Walker (appointed February 2019)	Chief Financial Officer

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 31 December 2019. The totals of remuneration paid to KMP of the Group during the year are as follows:

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Short-term employee benefits	527,255	524,114	-	-
Post-employment benefits	32,156	35,454	-	-
Share based payments	62,186	65,952	-	-
	621,597	625,520	-	-

(a) KMP share holdings

The number of ordinary shares in Kina Petroleum Corporation held directly and indirectly by each key management personnel of the Company during the year is as follows:

	Balance at beginning of year or date of appointment	Share Consol'n 1 for 30	Received as part of approved remun'n	Bought or (Sold)	Balance at end of year	Entitlement at beg. of year	Consol	Entitlement to shares as part of approved remuneration arrangements ¹			
								Arising during year	Issued During the Year	Entitlement at end of year	Fair Value of annual entitlement
2019											
Richard Schroder	15,752,381	525,079	-	-	525,079	-	-	-	-	-	-
Barry Tan	17,735,526	591,184	12,732	-	603,916	285,254	9,509	14,690	12,732	11,467	13,819
Dr Ila Temu	725,525	24,184	12,996	-	37,180	293,177	9,773	14,690	12,996	11,467	13,819
Alain Vinson	28,744,029	958,134	13,717	-	971,851	314,807	10,494	14,690	13,717	11,467	13,819
David Vance	146,693	4,890	18,948	-	23,838	423,404	14,113	22,035	18,948	17,200	20,729
Alex Mitchell - Resigned	44,450	-	-	(44,450)	-	-	-	-	-	-	-
Geoff Walker	-	-	-	5,249	5,249	-	-	-	-	-	-
Total	63,148,604	2,103,471	58,393	(39,201)	2,167,113	1,316,642	43,889	66,105	58,393	51,601	62,186
2018											
Richard Schroder	15,752,381	-	-	-	15,752,381	-	-	-	-	-	-
Barry Tan	17,735,526	-	-	-	17,735,526	31,269	-	253,985	-	285,254	14,656
Dr Ila Temu	725,525	-	-	-	725,525	39,192	-	253,985	-	293,177	14,656
Alain Vinson	28,744,029	-	-	-	28,744,029	60,822	-	253,985	-	314,807	14,656
David Vance	146,693	-	-	-	146,693	42,427	-	380,977	-	423,404	21,984
Alex Mitchell - Resigned	44,450	-	-	-	44,450	-	-	-	-	-	-
Total	63,148,604	-	-	-	63,148,604	173,710	-	1,142,932	-	1,316,642	65,952

¹ The annual remuneration of non-executive directors has, since 16 May 2013, included an equity component. Issuing of the shares is subject to shareholder approval at the company's AGM. Issue of all of the shares to which directors have become entitled since 16 May 2013 remain subject to shareholder approval, and hence the holding quantities above do not include such amounts. However, as it is reasonably expected that such approval will occur, the value of the shares has been expensed annually and reflected in a corresponding increase in reserves. It is expected that shares due to directors will be issued at the next Annual General Meeting.

Note 18 - Employee benefits

Superannuation

The Group makes contributions based on each employee's salary to superannuation plans that provide employees with benefits on retirement in accordance with the requirements of superannuation legislations.

Note 19 - Related party transactions**Key management personnel**

Details of the compensation of key management personnel are included in note 17 and the Remuneration Report section of the Directors' Report.

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
Note 20 - Notes to statement of cash flows				
(a) Reconciliation of cash				
Cash at bank and on hand	1,783,005	5,226,537	-	-
(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities				
Loss from ordinary activities after income tax	(13,870,814)	(6,998,748)	(12,754,660)	-
Add Back/(Deduct)				
Non-cash expense – shared based payments	62,188	65,952	-	-
Non-cash expense – depreciation	2,996	6,523	-	-
Non-cash income – foreign exchange loss/(gain)	(13,539)	(22,445)	-	-
Non-operating item – exploration expense relating to investment activity	208,824	4,079,318	-	-
Non-cash item – impairment charge relating to exploration assets	11,000,000	-	12,585,984	-
Changes in assets and liabilities relating to operations:				-
- (increase)/decrease in receivables	(73,931)	(174)	-	-
- increase in trade and other current assets	(8,252)	-	(16,422)	-
- decrease in trade and other payables	(26,438)	(37,860)	-	-
- increase in other Non-current assets	(165,061)			-
- increase in other creditors	-			-
- (decrease)/increase in other creditors and provisions	(47,620)	(23,976)	(8,357)	-
Net cash used in by operating activities	(2,931,646)	(2,931,410)	(193,455)	-

Note 21 - Segment information**(a) Identification of reportable segments**

The consolidated group has identified its reportable segments based on the location of its exploration assets within Papua New Guinea.

- PPLs 338, 339 and 340 – located in the Southern Papuan Basin which is a proven hydrocarbon basin
- PPLs 435, 436 and 437 – located in the Western Papuan Basin, adjacent to PRL 21.
- Petroleum Retention License (PRL) 21 – located in the Western Province of PNG and contains two wet gas discoveries. The Group has a 16.75% interest in PRL 21 and is covered by a Joint Operating Agreement.

(b) Segment information

	Balance at beginning of the year	Exploration costs incurred	Exploration costs expensed	Pre Development costs incurred	Impairment of licence	Balance at year end	% of total expenditure
	US\$	US\$	US\$	US\$	US\$	US\$	%
31 Dec 2019							
PPL 338	13,767	713,179	(713,179)	-	-	13,767	0.12
PPL 339	429,929	141,052	(141,052)	-	-	429,929	3.71
PPL 340	16,205	150,308	(150,308)	-	-	16,205	0.14
PPL 435	26,611	57,316	(57,316)	-	-	26,611	0.23
PPL 436	24,604	42,510	(42,510)	-	-	24,604	0.21
PPL 437	5,694	94,103	(94,103)	-	-	5,694	0.05
PPLs 581/596/597/598	-	87,160	(87,160)	-	-	-	0.00
PRL 21	21,821,653	577,121	(322,087)	-	(11,000,000)	11,076,688	95.54
	22,338,463	1,862,749	(1,607,714)	-	(11,000,000)	11,593,498	100.00
31 Dec 2018							
PPL 338	13,767	56,094	(56,094)	-	-	13,767	0.07
PPL 339	25,017	1,209,948	(805,036)	-	-	429,929	1.92
PPL 340	16,205	101,672	(101,672)	-	-	16,205	0.07
PPL 435	26,611	72,915	(72,915)	-	-	26,611	0.12
PPL 436	24,604	77,504	(77,504)	-	-	24,604	0.11
PPL 437	5,694	49,125	(49,125)	-	-	5,694	0.03
PPLs 581/596/597/598	-	21,811	(21,811)	-	-	-	-
PRL 21	21,512,788	432,221	(432,196)	308,840	-	21,821,653	97.68
PRL 38	4,085,321	30,945	(82,281)	-	(4,033,985)	-	-
	25,710,007	2,052,235	(1,698,634)	308,840	(4,033,985)	22,338,463	100.00

Note 22 - Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the consolidated group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated group's activities.

The Group's activities expose it to a limited number of financial risks as described below. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the consolidated group. To date, the consolidated group has not had the need to utilise derivative financial instruments such as foreign exchange contracts or interest rate swaps to manage any risk exposure identified. The consolidated group holds the following financial instruments.

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
Financial assets				
Cash and cash equivalents	1,783,005	5,226,537	-	-
Trade and other receivables	107,590	33,659	-	1
Other current assets	-	21,303	16,422	-
Other non-current assets	285,303	291,200	-	-
Total	2,175,898	5,572,699	16,422	1

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
Financial liabilities				
Trade and other payables	224,783	251,221	-	-
Loans payable	-	-	193,455	-
Total	224,783	251,221	193,455	-

Specific financial risk exposures and management

The main risks the Group is exposed to, through its financial instruments, are interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Interest rate risk

The Group's main interest exposure arises from cash at bank and bank term deposits. At the reporting date, the consolidated group had the following cash profile.

Cash in bank	1,783,005	5,226,537	-	-
Other non-current assets	285,300	291,200	-	-
Cash and cash deposits	2,068,305	5,517,737	-	-

The Group's main interest rate risk arises from cash and cash deposits. Cash maintained in short term deposits earned a floating interest rate of approximately 1.3% (2017: 1.4%). The impact of changes in interest rates on cash flow is not expected to be material due to the short term nature of cash equivalents.

Guarantees

As part of the agreement to transfer Kina Petroleum Limited's interests in PRL 21 and PPL 339 to wholly owned subsidiaries incorporated for the purpose of holding these interests, Kina Petroleum Limited has agreed to remain liable to other Joint Venture participants to perform the obligations of these subsidiaries, in the event that the subsidiaries are unable to.

Contractual commitments

Kina Petroleum Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment as at 31 December 2019.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting.

The Group is exposed to foreign exchange risk arising mainly from cash and cash equivalents denominated in foreign currencies. As at end of year, the Group's exposure to foreign currency risk is as follows:

Cash in bank				
In Papua New Guinea (PNG) Kina	17,997	72,051	-	-
In Australian dollar	108,966	151,657	-	-
Short-term deposit				
In Australian dollar			-	-
Other non-current assets				
In PNG Kina	285,300	291,200	-	-
	412,263	514,908	-	-

The impact of a possible reasonable change in US dollar exchange rates on the Group's post-tax profit as a result of foreign currency exchange gains/losses, with all other variables held constant is shown on the table below. The sensitivity rate is based on the average volatility of the applicable foreign currency against the US dollar for the previous quarter.

	Sensitivity rate	Group		Company	
		2019	2018	2019	2018
		US\$	US\$	US\$	US\$
PNG Kina-denominated Cash and cash equivalents	1% (2019 – 1%)	3,033	3,633	-	-
Australian dollar-denominated Cash and cash equivalents	2% (2019 – 2%)	2,179	3,119	-	-
Total increase/decrease in post-tax profit		5,212	6,752	-	-

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits at banks as well credit exposure including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Liquidity risk

The Group maintains sufficient liquidity by holding cash in readily accessible accounts. The consolidated group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated group has no access to borrowing facilities at the reporting date. The consolidated group's financial assets \$1,920,150 (2018: \$5,572,699) and financial liabilities \$224,783 (2018: \$308,078) have a maturity within 12 months of 31 December 2019.

Fair value

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values unless otherwise noted, determined in accordance with the accounting policies disclosed in the Statement of Accounting Policies.

Note 23 - Earnings per share

	2018	2017
	US\$	US\$
Operating loss after income tax used in the calculation of basic and diluted loss per share	13,870,814	6,998,746
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	12,800,844	382,752,788
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted loss per share	12,800,844	382,752,788

Note 24 - Controlled Entities**Controlled Entities Consolidated**

Subsidiaries of Kina Petroleum Corporation	Country of incorporation	Percentage Owned (%)	
		2019	2018
Kina Petroleum Limited	Papua New Guinea	100	100
Kina Oil and Gas Pty Limited	Australia	100	100
Kina Petroleum (PRL 21) Limited	Papua New Guinea	100	100
Kina Petroleum (PRL 38) Limited	Papua New Guinea	100	100
Kina Petroleum (PPL 337) Limited	Papua New Guinea	100	100
Kina Petroleum (PPL 338) Limited	Papua New Guinea	100	100
Kina Petroleum (PPL 339) Limited	Papua New Guinea	100	100
Kina Petroleum (PPL 340) Limited	Papua New Guinea	100	100
Kina Petroleum (PPL 435) Limited	Papua New Guinea	100	100
Kina Petroleum (PPL 436) Limited	Papua New Guinea	100	100
Kina Petroleum (PPL 437) Limited	Papua New Guinea	100	100

	Group		Company	
	2019 US\$	2018 US\$	2019 US\$	2018 US\$
Gross amount of investment in subsidiary	-	-	26,478,030	-
Impairment provision	-	-	(12,585,984)	-
	-	-	13,892,046	-

An impairment provision has been recorded against the Company's investment in subsidiaries based on the net assets of the subsidiaries.

Note 25 - Joint operations

The Company has entered into a joint operations agreement for PRL 21 and PPLs 339 & 437 in relation to the exploration, appraisal development, production and disposition of petroleum covered by those licences. The Company has a 16.75% participating interest in PRL 21, a 30%* interest in PPL 339 and a 57.5% interest in PPL 437 and accounts for its assets owned, liabilities incurred and share in exploration expenditures. The Group's assets in the joint operations are shown on the table below:

	2019 US\$	2018 US\$
Current assets		
Trade and other receivables	7,633	11,103
Non current assets		
Exploration, evaluation and development expenditure	28,222,058	27,695,236
Total assets employed in the join operations	28,229,691	27,706,339
Non current liabilities		
Trade and other payables	(73,404)	(85,739)
Total net assets (liability) employed in the operations	28,156,287	27,620,600

* Upon completion of the farmin to Santos Ltd dated 7 December 2017, Kina's participating interest will reduce to 10%.

Note 26 - Events occurring after the reporting period

Oil prices have been significantly impacted by the recent Coronavirus (Covid-19) outbreak and the dispute between Saudi Arabia and Russia in relation to Oil supply. As an oil and gas exploration company with no currently producing or revenue earning assets, this has not had an immediate effect on the Group's operations. Long term oil and gas prices form part of the Group's assessment of projects and a prolonged fall in prices may impact the Group's ability to progress its projects and raise additional funding.

Other than the matters referred to in the paragraph immediately above, the directors are not aware of any other matters or circumstances since 31 December 2019 not otherwise dealt with in the report or the financial statements that have significantly affected, or may significantly affect, the operations of the company, the results of those operations of the company, or the state of affairs of the company in subsequent financial years.

The financial report was authorised for issue on 31 March 2020 by the Board of Directors.

Note 27 – Reserves

The foreign currency valuation reserve pertains to translation adjustment arising from the consolidation of the subsidiary's balances. The translation adjustment debited to reserves during the year amounted to a credit of US\$ 8,976 (2018: US\$ 38,020).

The foreign currency valuation reserve had a closing balance, in debit, of \$US 142,759 (2018: \$US 151,737)

Reserves also include a movement in the value of shares which may be, granted to non-executive directors. Total movement recognised in respect of such shares and share options during the year amounted to a debit of US\$ 67,330 (2018: credit of US\$ 65,952).

Where the value of options are disclosed and brought to account in accordance with IFRS 2, that value is expensed in the Statement of Financial Position and reflected in a reserve in the Statement of Financial Position. If the options are exercised, the balance of the reserve relating to the options exercised is transferred to share capital. If the options lapse, the prior movement in the reserve balance relating to the lapsed options is reversed and a credit is processed against retained earnings.

The share vesting reserve had a closing balance, in credit, of \$US 46,567 (2018: \$US 113,898).

During the year, an Asset Acquisition Reserve was created in the consolidated entity to eliminate the Share Capital of subsidiaries on consolidation. This reserve amounts to \$US 27,285,205 (2018: \$US Nil) and is only reflected in the Consolidated group accounts.

Group		Company	
2019	2018	2019	2018
US\$	US\$	US\$	US\$

Note 28 – Capital and leasing commitments**(a) Operating lease commitments**

Non-cancellable operating leases contracted for but not recognised in the financial statements

Within one year	26,700	54,870	-	-
Later than one year but not later than 2years	-	-	-	-
Later than 2 years	-	-	-	-

The property lease is a non-cancellable lease with a 2-year term, with rent payable monthly in advance.

(b) Expenditure commitments

The group has entered into joint operations for the purpose of exploring and developing certain petroleum interests. To maintain these interests, the group is required to make contributions to ongoing exploration and development programs. Since such programs are subject to continual review by operating committees (upon which the Group is represented) and the government of Papua New Guinea, the extent of future contributions in accordance with these arrangements is subject to continual re-negotiation.

Subject to the above-mentioned limitations, the directors have prepared the following disclosure of exploration and development expenditure commitments related to aerial surveys, seismic surveys and drilling of wells not recognised in the consolidated financial statements. These are payable as follows based on current status and knowledge of estimated quantum and timing of such commitments.

	2018 US\$	2017 US\$
Within 1 financial year	8,650,000	1,450,000
Later than 1 financial year but not later than 5 financial years	11,450,000	19,450,000
After 5 financial years	-	-
TOTAL	20,100,000	20,900,000

These commitments may be subject to renegotiation or may be farmed out or the licences may be relinquished.

Not included in the above estimates are potential expenditure commitments for the PPL 339, 435 and 436 licences.

At the date of this report, the PPL 339 joint venture was awaiting licence variation. This is expected during 2020. Upon variation, the Joint Venture will be required to drill one well within the first two years of the licence's existence at a minimum cost of \$US 5 million. During years 3 & 4 of the licence a second well is required to be drilled at a minimum cost of \$US 20 million. It should be noted that these obligations are subject to possible re-negotiation with the government of PNG. Kina's participating interest in the PPL 339 licence is presently 30% though this is expected to decrease to 10% upon completion of the farmout to Santos (subject to the terms of the farmout agreement).

Also, at the date of this report, Kina was awaiting extension of PPLs 435 & 436. Upon extension, in years 1 & 2 Kina will be required to conduct a seismic survey and a soil gas survey in each licence at a cost of \$US 1 million in each licence. In Years 3 & 4, studies to the value of \$500,000 in each licence are required. In Year 5, a well in each licence at a minimum cost of \$5m in each licence is required.

Note 29 – Contingent Asset

On 7 December 2017, through wholly owned subsidiary Kina Petroleum (PPL 339) Limited, the Company entered into a farmout agreement ("the Agreement") with Barracuda Limited, a wholly owned subsidiary of Santos Ltd.

The Agreement will see Santos acquire a 20% interest in PPL 339 with an option to return the equity to the Company depending on the results of geophysical programs to be undertaken prior to drilling. The Agreement also requires Santos to pay \$US 825,000 to the Company in respect of a partial carry of drilling costs that they will acquire from the Company. This payment is not dependent upon Santos continuing to hold the 20% participating interest but is contingent upon (i) receipt of customary government approvals (ii) consent of joint venture partners to the various transfers contemplated by the agreement, and (iii) extension of the PPL 339 licence.

Note 30 – Group Restructure

On 4 April 2019, Kina Petroleum Corporation (KPE) acquired all the shares in KPL by issuing the existing shareholders in KPL one share in Kina Petroleum Corporation for every thirty shares held in KPL.

The restructure has been accounted for as a capital reorganisation. The consolidated financial statements incorporate the assets and liabilities of the existing KPL consolidated group at their pre-combination carrying amounts.

a.) Carrying value of assets acquired and liabilities assumed:

	Carrying value US\$
Assets	
Cash and cash equivalents	3,822,914
Trade and other receivables	107,290
Other current and noncurrent assets	328,958
Exploration and evaluation expenditure	22,416,003
Plant and equipment	8,002
Total assets acquired	26,683,167
Liabilities	
Trade and other payables	152,471
Provisions	52,666
Total liabilities assumed	205,137
Total net assets acquired	26,478,030

KPE has accounted for the acquisition of KPL via the issuance of shares at cost. In its separate financial statements KPE has recorded an investment in subsidiary and corresponding issued capital of US\$26,478,030.

b.) Equity structure of consolidated group

The elements of equity at the date of the restructure represent the pre-combination carrying amounts of the KPL consolidated group except for issued capital which represents the issued capital of KPE. A resulting reserve has been recorded in relation to the restructure.

	Group US\$
Issued capital	26,478,030
Accumulated losses	(27,249,823)
Reserves	(35,382)
Restructuring reserve recognised	27,285,205
Total equity at date of restructure	26,478,030

Declaration of Directors

In accordance with a resolution of the Directors of the Company, the Directors declare that:

1. the attached financial statements and notes thereto of the Company and the consolidated entity, as set out on pages 21 to 49:
 - (a) comply with International Financial Reporting Standards (IFRS);
 - (b) give a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2019 and of the performance for the year ended on that date; and
 - (c) the attached financial statements and notes thereto comply with the reporting requirements of the Australian Securities Exchange Listing rules and the Port Moresby Stock Exchange Listing rules
2. the Managing Director and Chief Financial Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year comply with International Financial Reporting Standards and give a true and fair view of the financial position of the company at 31 December 2019, and of the financial performance of the company for the year ended on that date.
3. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated this 31st day of March 2020



Mr Richard Schroder
Managing Director

Supplementary Information**Additional disclosures for PNG Investors**

In accordance with Accounting Standards Board Directive 2 (ASBD 2) and the Investment Promotion Authority, the Company has prepared US dollar financial statements, being their measurement and presentation currency. The following supplementary information is however required and is expressed in PNG Kina terms:

	Group		Company	
	2019	2018	2019	2018
	Kina	Kina	Kina	Kina
Revenue	5,396	18,013	-	-
Net loss	(48,040,917)	(23,490,673)	(44,175,170)	-
Total assets	49,036,858	95,873,236	48,744,346	-
Total liabilities	970,505	1,143,814	677,993	-
Net assets	48,066,354	94,729,422	48,066,354	-



Independent auditor's report

To the shareholders of Kina Petroleum Corporation

Report on the audit of the financial statements of the Company and the Group

Our opinion

We have audited the financial statements of Kina Petroleum Corporation (the Company), which comprise the statements of financial position as at 31 December 2019, and the statements of total comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2019 or from time to time during the financial year.

In our opinion, the accompanying financial statements:

- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Company and the Group as at 31 December 2019, and their financial performance and cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the area of taxation advice. The provision of these other services has not impaired our independence as auditor of the Company and the Group.

Material uncertainty related to going concern

Without modifying our audit report, we draw attention to note 1 in the financial statements, which indicates that the Group will require additional funding in the next 12 months. This condition, along with other matters set forth in note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

Our audit approach

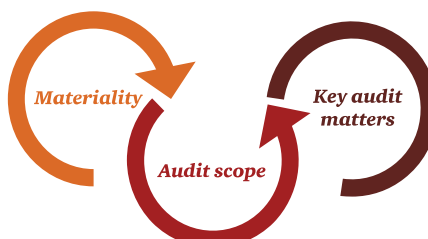
An audit is designed to provide reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

PricewaterhouseCoopers

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We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Company and the Group, their accounting processes and controls and the industries in which they operate.



Materiality	Audit scope	Key audit matters
- For the purpose of our audit of the Group we used overall group materiality of 1% of the Group's total assets. - We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole. - We chose total assets as, in our view, it is the metric against which the financial position of the Group is most commonly measured and is a generally accepted benchmark. - We selected 1% based on our professional judgement noting that it is also within the range of commonly acceptable related thresholds.	- We (PwC Papua New Guinea) conducted audit work over all the subsidiaries which comprise the Group consolidation. - The Company is incorporated in the British Virgin Islands. All subsidiaries of the Group are incorporated and operating in Papua New Guinea with the exception of one subsidiary incorporated in Australia. - Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	- Amongst other relevant topics, we communicated the matter referred to in the <i>Material uncertainty related to going concern</i> section and the following key audit matter to the Audit Committee: - Exploration and evaluation expenditure impairment assessment - This matter is further described in the <i>Key audit matters</i> section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. The key audit matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be a key matter to be communicated in our report.

Further, commentary on the outcomes of the particular audit procedures is made in that context.

Key audit matter	How our audit addressed the key matter
Exploration and evaluation expenditure impairment assessment (Refer to note 9 of the financial statements) Our audit focused on the assessment of whether there was any impairment in the carrying value of the exploration and evaluation expenditure asset because this is the most significant asset of the Group. The asset includes capitalised expenditure in relation to a number of exploration interests which are at varying degrees of advancement. With the current oil and gas pricing the Group determined that there was an indicator of potential impairment and so performed an impairment assessment of its exploration interests where economic interests of hydrocarbons have been discovered. The Group has one exploration interest at an advanced evaluation stage and has prepared a calculation of the value of that interest based on a model of the interest in future production. The other interests are not at a sufficiently advanced stage to require such an assessment. The production model uses a number of forward looking assumptions including oil and gas future pricing and the value calculation is sensitive to these. Management's impairment assessment also incorporates overlays to the model outcomes to reflect risks and uncertainties with progression of the project. As a result of management's impairment assessment an impairment provision of \$11.0 million has been recorded against capitalised exploration and evaluation expenditure in the year ended 31 December 2019. We considered this a key audit matter because of the significant judgements around future oil and gas pricing and the discount rate to be applied in assessing whether there was any impairment of the carrying value of the asset.	As there was an indicator of potential impairment we have considered and tested the production model. We compared the model with the previous year's model and found it was consistently structured and consistent with the preparation required by the basis of accounting. We benchmarked the assumptions used around long term oil and gas prices with external forecasts, and the discount rates with our expectation based on the overall estimated Weighted Average Cost of Capital (WACC) for the Group. Together with our valuation expert we reviewed the methodology used in determining the discount rate applied. We performed sensitivity analysis on assumptions. We determined that the calculations were more sensitive to assumptions for oil and gas pricing and discount rates and focused our testing on these assumptions. The combination of evaluation and testing gave us sufficient evidence to rely on the production model's design and outcome for our audit. We reviewed and assessed the basis for management overlays applied to the model outcomes to reflect risks and uncertainties inherent in the project. We have also read the exploration licence terms and conditions and examined exploration budgets for 2020 to understand ongoing activities as part of our testing.

Information other than the financial statements and auditor's report

The directors are responsible for the annual report which includes other information. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the company for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future



events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

A stylized, handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A stylized, handwritten signature in blue ink, likely belonging to Christopher Hansor.

Christopher Hansor
Partner

Registered under the Accountants Act 1996

Port Moresby
31 March 2020

ADDITIONAL INFORMATION

Additional Australian Securities Exchange information as at 31 March 2020.

Number of holders of equity securities

Fully Paid Ordinary Shares

12,816,790 fully paid ordinary shares are held by 701 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

Nil.

Distribution of holders of equity securities.

Category (size of holdings)	Number of Holders	Number of Securities
1 - 1,000	410	163,577
1,001 - 5,000	187	456,832
5,001 - 10,000	44	328,373
10,001 - 100,000	47	1,222,293
100,001 and over	13	10,645,715
TOTAL	701	12,816,790
Holding less than a marketable parcel	-	-

Substantial shareholders

The names of the substantial shareholders listed in the Kina Petroleum Limited register as at 31 March 2020 were:

Holders	Fully paid ordinary shares	
	Number	Percentage
PIE Holdings LP & Phillippe E Mulacek	2,550,409	19.99%
Rene Gerard Jacquin	2,550,409	19.99%
Alain Vinson	971,851	7.58%
Lasco Holdings LLC	701,292	5.47%
	6,773,961	52.85%

ADDITIONAL INFORMATION

Top 20 Holders – Quoted Fully Paid Ordinary Shares as at 31 March 2019

Rank	Name	Units	% of Units
1	CITICORP NOMINEES PTY LIMITED	5,590,142	43.62%
2	RENE GERARD JACQUIN	1,717,076	13.40%
3	BARRY JAMES TAN	603,916	4.71%
4	PHILLIPE E MULACEK	504,417	3.94%
5	MANHOL PTY LTD	425,567	3.32%
6	MACQUARIE BANK LIMITED	388,155	3.03%
7	MR RICHARD JOHN SCHRODER & MRS JENNIFER MARY SCHRODER	334,762	2.61%
8	LASCO HOLDINGS LLC	278,507	2.17%
9	LIN XIAO LANG	274,790	2.14%
10	MR RICHARD JOHN SCHRODER & MRS JENNIFER MARY SCHRODER	166,667	1.30%
11	MR PAUL MCLAREN	139,005	1.08%
12	MR LUPCO BOGDANOVSKI	121,000	0.94%
13	MISS EUN JOO LEE	101,711	0.79%
14	KDMA 888 PTY LTD	96,723	0.75%
15	EQUITAS NOMINEES PTY LIMITED	83,333	0.65%
16	MR HUANONG LIN	47,750	0.37%
17	WARMAN INVESTMENTS PTY LTD	47,540	0.37%
18	HSBC CUSTODY NOMINEES	45,878	0.36%
19	MELDA SUPER PTY LTD	45,667	0.36%
20	BOSCAINI INVESTMENTS PTY LTD	43,199	0.34%
TOTAL		11,055,805	86.26%
Balance of Register		1,760,985	13.74%
Grand TOTAL		12,816,790	100.00%

ADDITIONAL INFORMATION

DIRECTORS

Mr David Vance	Non Executive Chairman
Mr Richard Schroder	Managing Director
Mr Barry Tan	Non Executive Director
Dr Ila Temu	Non Executive Director
Mr Alain Vinson	Non Executive Director

COMPANY SECRETARY

Mr Peter Impey

AUDITORS

PricewaterhouseCoopers
6th Floor Harbour City
Konedobu Port Moresby
Papua New Guinea

SHARE REGISTRY

Link Market Services Limited
Level 12
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Sydney NSW 2000

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Suite 9, Level 2,
209 Harrington St
Sydney NSW 2000

LAWYERS - Australia

Ashurst
Level 11
5 Martin Place
Sydney NSW 2000

REGISTERED OFFICE – Papua New Guinea

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Scratchley Road
Badili, National Capital District
Papua New Guinea

GK Alexander
PO Box 379
Rangiora 7440
North Canterbury, New Zealand

PRINCIPAL PLACE OF BUSINESS – Australia

Suite 9, Level 2,
209 Harrington St
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LAWYERS – Papua New Guinea

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and Champion Parade
Port Moresby NCD
Papua New Guinea

PRINCIPAL PLACE OF BUSINESS – Papua New Guinea

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Cnr Musgrave St and Champion Pde
Port Moresby, National Capital District
Papua New Guinea