



Kina
PETROLEUM CORPORATION

**KINA PETROLEUM CORPORATION
HALF YEAR REPORT**

COMPANY NO. 3-120494 ARN 629 063 547

FOR THE HALF YEAR ENDED 30 JUNE 2020

The Directors present their report on the Company and its controlled entities for the half year ended 30 June 2020.

DIRECTORS

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

Mr David Vance, Non-Executive Chairman appointed 7 July 2017 (appointed Chairman 11 September 2017)

Dr Ila Temu, Non-Executive Director appointed 8 October 2015

Mr Richard Schroder, Managing Director appointed 4 August 2017

Mr Barry Tan, Non-Executive Director appointed 8 October 2015

Mr Alain Vinson, Non-Executive Director appointed 11 September 2017

Half year report to the Australian Stock Exchange

Kina Petroleum Corporation, a British Virgin Islands company (ASX:KPE) ("Kina"), currently maintains working interests in Petroleum Retention Licence PRL 21 and 8 exploration licences in PNG with 2 applications pending. Operations during the half year in these licenses have been curtailed due to operations not being possible due to travel restrictions imposed by the Corona -19 virus.

Operational Highlights and Updates

For the first half of 2020, Kina's focus has been to reduce costs following the collapse of the oil and gas price in March and the problems facing the industry following the Corona virus. Work has been suspended in all our licences including PRL 21. Kina has a 16.75% equity position (before State back-in) representing a net 2C contingent resource of 8.1 million barrels of condensate (~ 48.3 million barrels, gross) and 186 BCF of gas (~ 1.1 TCF gross). KPE views the sale of the Repsol assets to Arran Energy Pty Limited ("Arran Energy") as a positive for our own development plans in PRL 21 because APDL 10 (Stanley Field) and PRL21 are similar in that they both propose using the Fly River to reduce construction and export costs and because the management of KPE and Arran Energy are aligned in terms of the optimal way to develop these fields. We remain confident the field can be developed at forecasted oil and gas prices.

The oil price of course remains low due to lower demand which has dropped about 8 million barrels per day from a base of 100 million barrels of oil per day at the end of 2019. Although serious the drop in demand is not as bad as the 9.3 million barrels of oil per day originally forecasts by the IEA in March this year. The double whammy of falling demand and a price war between Russia and Saudi Arabia saw Brent oil price drop below US\$20/barrel and at the time of writing it has recovered to US\$45/barrel. Major energy players in Australia expect that economic activity will increase in 2H 2020 and that demand will continue to improve. However, KPE recognises that we must focus on projects that are commercial at current and forecast lower prices.

For this reason, KPE has focused on opportunities that not only have a solid technical basis but also compete favourably with more expensive new field development options in Australia and PNG at current and forecast oil prices.

The Kiunga river port was central to our development strategy for PRL 21 and the Fly River remains central to reducing our cost base for operations and development. Similarly, KPE has focussed on prospective areas in PNG which has easy access to the coast for low cost exploration, development, and export options. Areas that are more costly or too high risk have been farmed out. To this end in the last quarter KPE announced it had farmed out a further 20% of PPL 339 to Santos which included a cash payment and some reimbursement of sunk costs totalling US\$1.48m. Kina retains a residual (10%) participating interest in the licence and at the time of drilling the first well with that 10% share fully carried, up to an agreed amount, pursuant to its pre-existing farm out agreement with Oil Search.

Our focus in Western Province is the development of PRL 21 which is a small licence with no exploration follow-up once development commences. To this end KPE has used its knowledge of the region to develop exploration concepts in PPL 437 where we have identified a possible drilling option at Malisa and follow up leads at Ebony and Mango. These will be appraised for further work once the Extension to PPL 437 is approved by the DPE and we have line of sight to first oil in PRL 21.

Our analysis of the PRL 21 fields and nearby discoveries led to identification of an untested exploration play on the Fly Platform. To develop the concepts KPE applied for and was awarded PPLs 435 and 436, 2 large blocks along the southern Fly River where we have identified several large but high-risk oil and gas leads. During the reporting period and due to the changed circumstances of our industry KPE elected to restructure our work programs for these blocks and applied for APPLs 663 and 664 focussed, specifically on the identified leads.

In the east of PNG KPE had 3 licences surrounding the giant Elk Antelope field. KPE used the first 6 years of PPLs 338, 339 and 340 developing leads and prospects that could deliver similar size. The licences straddle the foldbelt an uplifted area with high cost and difficult terrain. KPE farmed out work obligations in PPL 339 and has attempted to farmout PPL 340. PPL 338 is close to the coast and was extended 2 years ago. KPE retained the Mangrove Snake Cluster in the retained PPL 338 area and the new PPL 581 licence. Mangrove Snake Cluster is 100% owned by KPE, is on the coast in an area serviced by deep water estuaries and has large upside potential similar to Elk Antelope.

In PPL 340 we completed 2 soil gas sampling survey over Lizard Prospect which downgraded our assessment of the prospect and licence. We will apply to surrender the licence.

Highlights for the half year ended 30 June 2020 include:

- **PRL 21 – Waiting on development plan approval and budgets slashed in response to delays likely due to Corona virus.**
- **PPL 338 (and 581, 596, 597 & 598) – New gravity gradiometry data received and PPL 338, PPL 339 and PPL 340 prospect and lead inventory ranked. Work suspended during Covid crisis.**
- **PPL 339 – Kina farm completed and US\$1.48 million received. Work suspended during Covid crisis.**
- **PPL 340 –Lizard Prospect downgraded licence will be surrendered.**
- **PPL 437 – The Malisa Prospect remains a drill ready but high-risk prospect close to PRL 21. Its proximity to Kiunga, Elevala and Ketu makes it strategically significant. A number of potential farm-in parties are evaluating the merits of the prospect and we remain very focussed on Malisa due to its strategic significance.**
- **APPL 663 & 664 successor applications for PPLs 435 & 436 to cover the Aiambak and Alligator Leads**

Kina has re-positioned itself to meet funding and operational challenges by applying to have operations suspended during the Covid crisis and dropping high risk licences and farming out areas of high cost operations. KPE has reduced staff, cut salaries and reduced office space.

Last year, 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 approved by 98 % our shareholders involved a new corporate structure under which Kina Petroleum Corporation (KPE) could more easily access North American investor markets. At the time the Directors believed the Restructure would support the long-term growth of the Group as it would create a corporate structure more aligned to the needs of the international shareholder base of KPL.

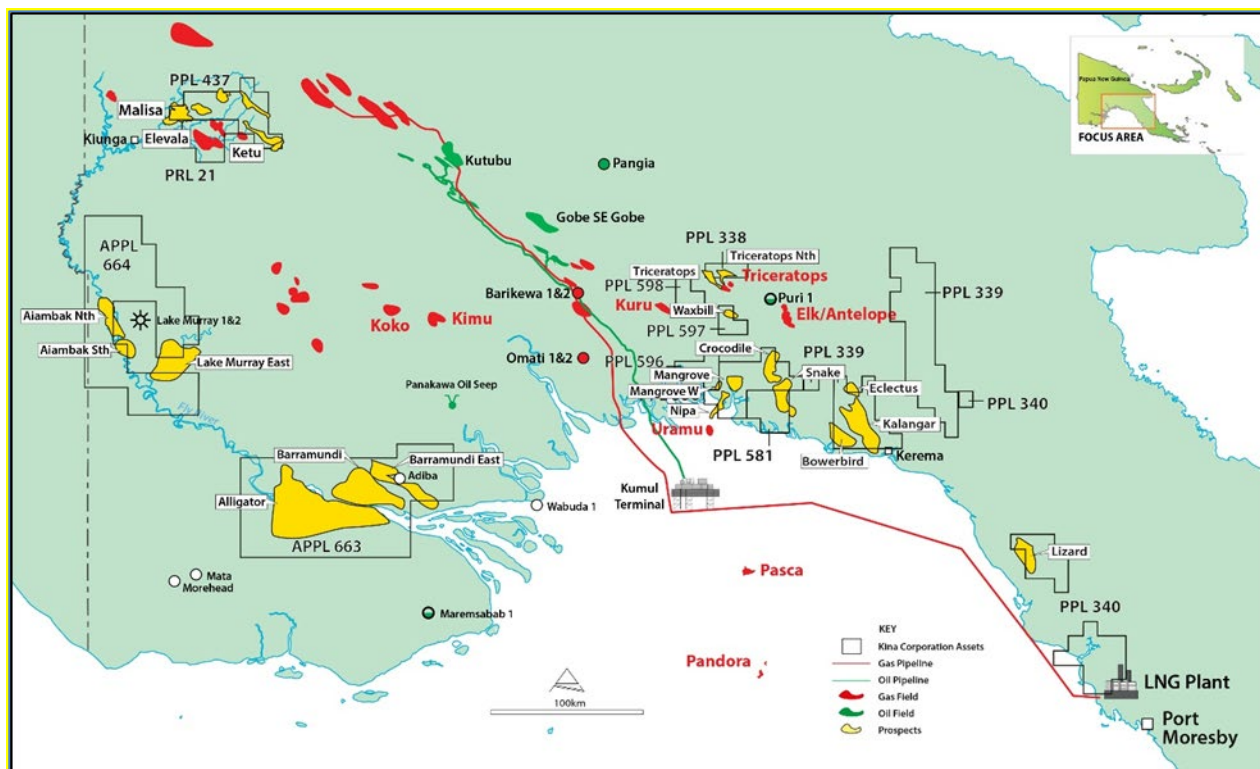
The Scheme was a precursor to a potential listing on a North American stock exchange, but the drop in oil prices and the Corona virus pandemic has delayed these plans. However management believes once oil supply and demand are back in balance, high deliverability opportunities like PRL 21 will have appeal and the corporate restructure has the potential to meet the goals as stated last year:

- 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 have reduced costs, received additional capital, renegotiated our work obligations and are well placed to execute our plan and believe the opportunity to move forward will present itself towards the end of the year.

¹ Refer Kina Petroleum Limited's release to ASX and POMSOX dated 13 June 2018. The 2C Contingent resources have been calculated deterministically as at 31 March 2018 by Mr Nick Papalia of Global Capital Resources Pty Limited, who has consented to the disclosure of this data.

Map of Kina Petroleum's licence interests



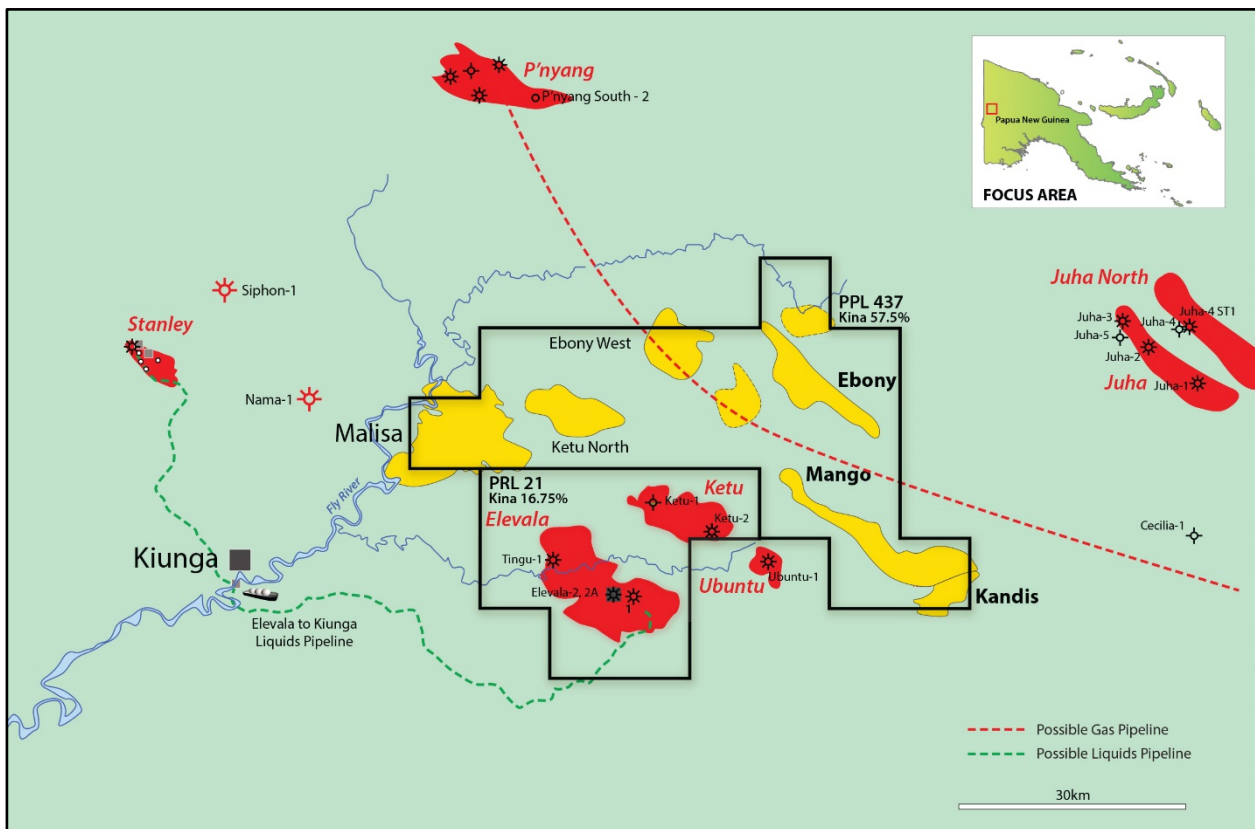
Petroleum Retention Lease (PRL) 21- Resource monetisation focus

KPL has a 16.75% working interest in PRL 21

PRL 21

KPE completed its own technical and commercial due diligence of the fields and continues to believe the field can be cost-effectively developed.

KPE views the sale of the Repsol assets to Arran Energy Pty Limited ("Arran Energy") as a positive for its own development plans in PRL 21 and the PRL 21 Joint Venture is now showing greater cohesion in terms of cost control and potential development options. The fields are close to Kiunga river port and the high deliverability reservoir has the capacity to deliver well in excess of 10,000 barrels of oil per day once on stream. KPE has net 2C contingent resources of 8.1mmbbl of condensate and 186 bcf of gas in PRL 21.



Petroleum Prospecting Licenses (PPLs) 338, 581, 596, 597 & 598

Kina Interest: 100%

Prospects & Leads PPL 338, 581, 596, 597 & 598

These licences lie in the Tertiary carbonate play fairway defined by Elk/Antelope and Triceratops in the north and Uramu in the south. The giant Elk/Antelope Field lies at the north eastern margin of the Papuan Basin where karstified and reefal Miocene carbonates are sealed by late Miocene to early Pliocene shales.

These licences contain our largest and best understood exploration assets. Kina has identified 5 significant prospects Nipa, Mangrove, Mangrove West, Snake, and Crocodile in the Mangrove Snake Cluster ("MSC") located on the coast in Gulf Province only 285km from Port Moresby.

As reported in the last quarterly report MSC are all carbonate and possibly reef targets possibly similar to Antelope Field. Mangrove and Nipa are fault bounded independent carbonate structures uplifted from Puri carbonate intersected in the Iviri 1 well which was drilled in 1965. The drilling location was selected on the east bank of the Iviri Inlet and KPE believes the well drilled off the Nipa crest into a graben.

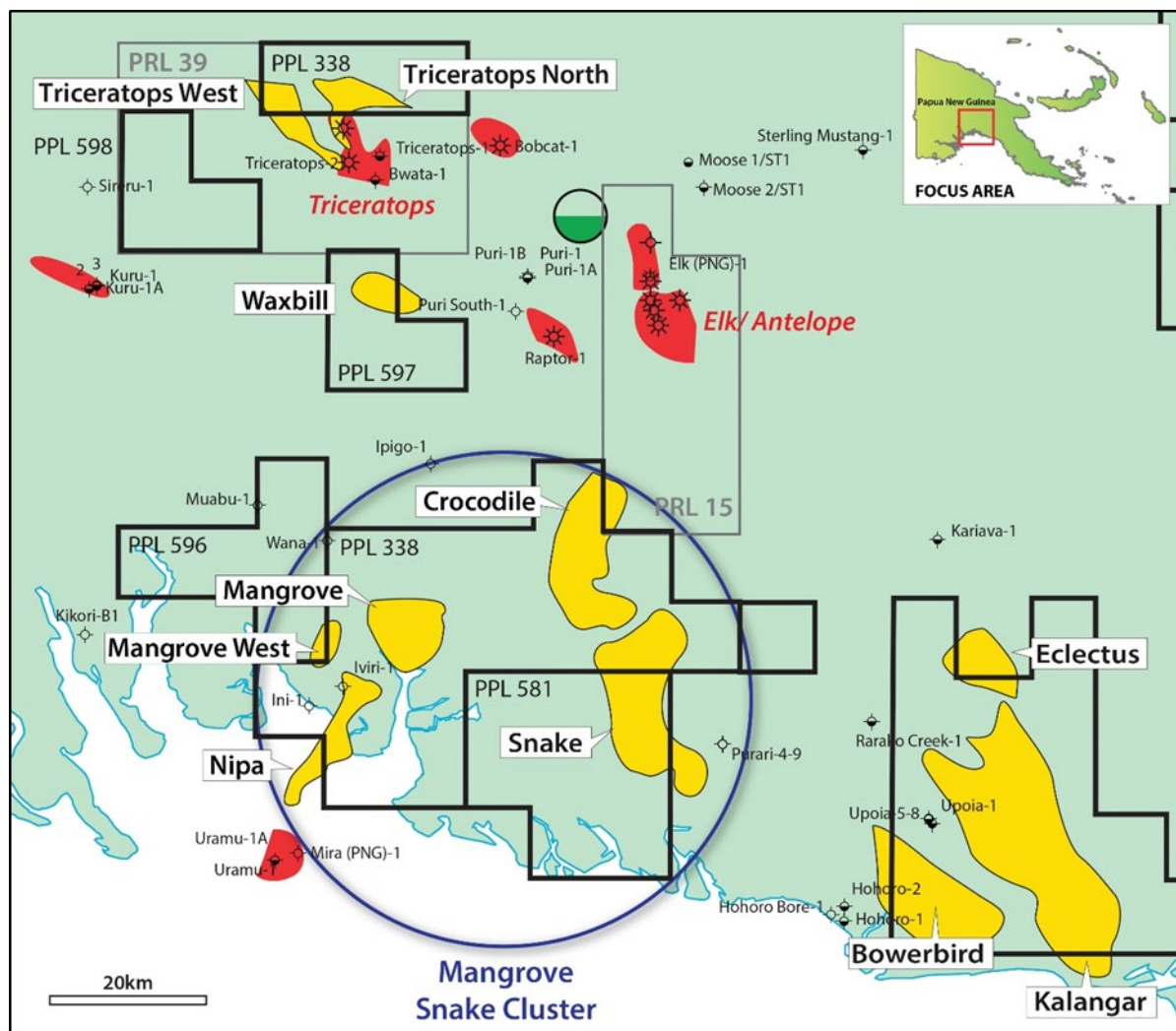
Mangrove is an independent feature and Mangrove West is located on the boundary of PPLs 596 and 388. Mangrove is a particularly prominent fault bounded feature which was highlighted by reprocessing the Port Romilly seismic line acquired in the 1966. Mangrove demonstrates pre-requisites of early structuring and reactivation by more recent structuring.

Snake North and Snake South has been merged into 1 lead. KPE believes Snake and Mangrove display a number of characteristics similar to the Antelope reef discovery and we are reinvestigating the seismic data to better understand when and how these reef systems may have evolved.

MSC is enhanced by its location on the coastline of Gulf Province. The prospects have good access to the coast via the Port Romilly estuary and Purari Rivers with Nipa and Mangrove located on the eastern bank of the estuary and Snake and Crocodile located on the west bank of the Purari River. Ease of access significantly improves their attractiveness by reducing operating, drilling and development costs to lower than those for the Elk Antelope Field or the offshore Uramu Field.

Crocodile (PPL 338), Waxbill (PPL 596) and Triceratops and Triceratops North (PPL 338) are the remaining and lower tier of prospects and leads. Of these Triceratops North is the most interesting as it is on the footwall of the main thrust fault and can be interpreted to be part of the Triceratops 3 closure. Triceratops 3 tested hydrocarbons at surface but terrain over Triceratops North is very rugged where topography rises rapidly, and drilling costs will be high. KPE views Triceratops North as future farm out option once Elk Antelope is on production and back fill development options present themselves.

Kina has completed its technical analysis of its prospects and leads and has engaged consultants to assess potential resource estimations for the inventory.



Prospects & Leads PPL 338, 581, 596, 597 & 598

Petroleum Prospecting License (PPL) 339

Kina Interest: 12.89%*.

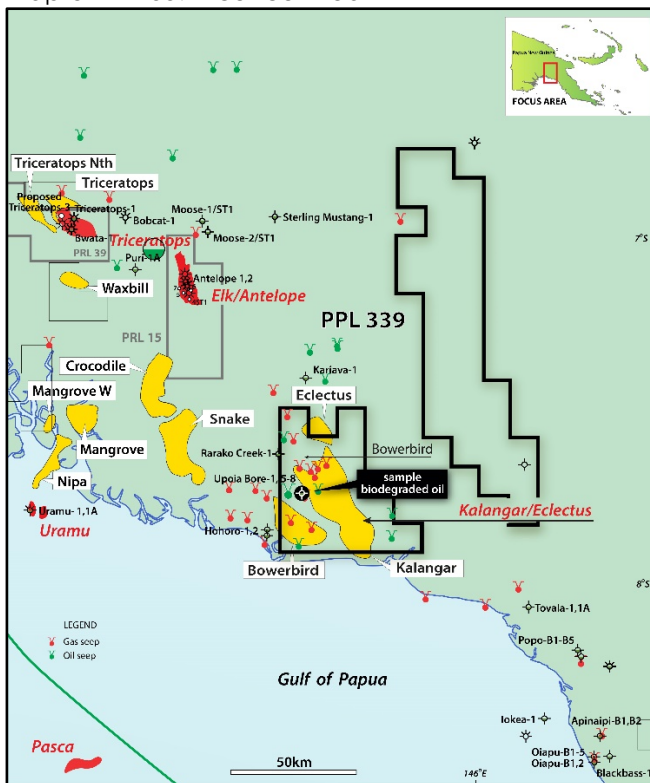
As stated in the quarterly report the licence was extended for a further 5 years effective 31 October 2019. Kalangar/Electus (K/E) and Bowerbird remain Kina's highest ranked leads in PPL 339 with the leads lying along a structural ledge that extends north westerly towards Antelope.

For reasons already stated KPE elected to farm out its forward going exploration obligations in the licence. In July, Kina received Ministerial approval for our farm out to Santos. Santos will carry KPE through its forward work obligations up to a cap of US\$9m. The farm out arrangement includes a cash payment and some reimbursement of sunk costs totalling US\$1.48m. Kina will retain a residual (10%) participating interest in the licence at the time of drilling the first well with that 10% share fully carried, up to an agreed amount, pursuant to its pre-existing farm out agreement with Oil Search.

However, for the present Oil Search has sought a suspension of its work obligations in these licences in view of the declared State of Emergency in PNG and imposition of travel restrictions into the country because of the Covid-19 crisis.

*subject to farm out agreement with Santos

Map of PPL 339 Licence Area



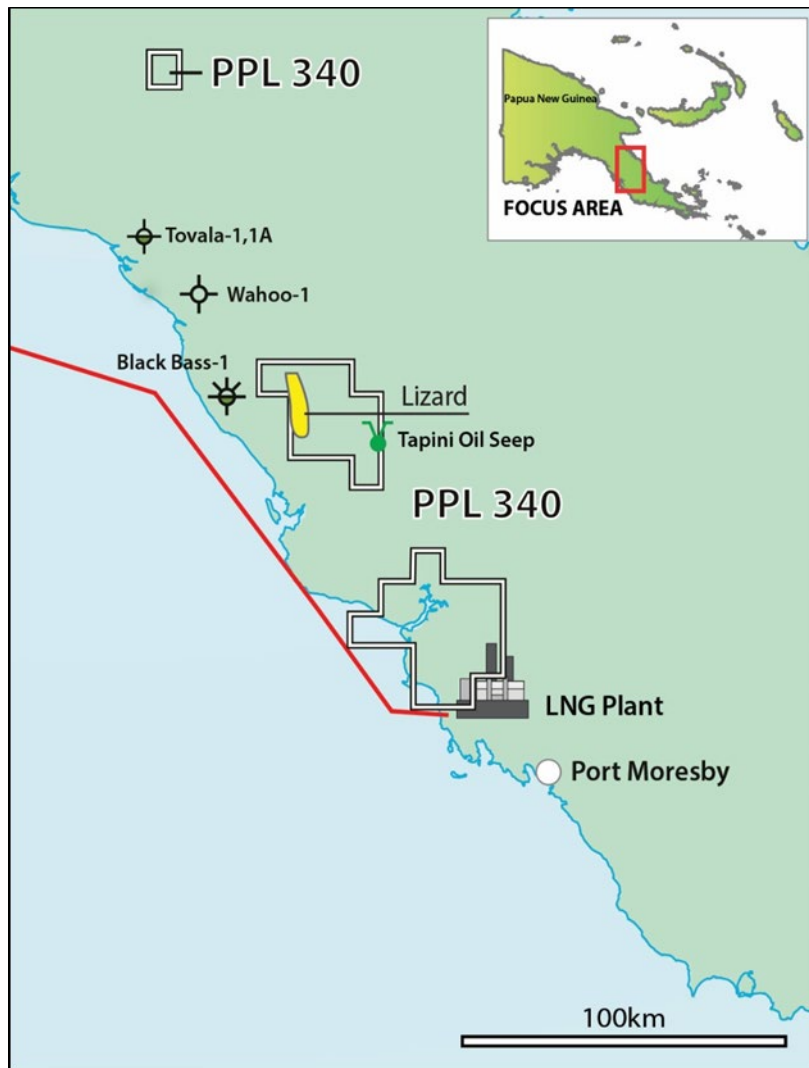
Petroleum Prospecting License (PPL) 340

Kina interest: 100%

As previously reported KPE has downgraded this licence.

In this environment of low prevailing oil prices Kina has ranked its acreage and exploration portfolio. Lizard Prospect is at the bottom of our seriatim and as it is the only prospect recognised in PPL 340 KPE is preparing a relinquishment report for the licence.

Map of PPL 340 licence area



Petroleum Prospecting Licenses (PPLs) 435 & 436 (APPL 663 & 664)

Kina Interest: 100%

Kina recognises several large structural leads located along the Fly River. The river is controlled by an underlying fault system which Kina believes established a structural setting conducive to prospect generation for Mesozoic sandstones sealed by early Cretaceous shales on the Fly Platform.

Kina used its gravity and seismic data set to constrain the likely extent of the structures along the Fly River and has submitted new applications over Alligator, Barramundi, Lake Murray East and Aiambak Leads/Prospects.

The new licences are smaller than PPLs 435 & 436 but are consistent with our strategy to remain focussed on areas with identified targets and to have a manageable and fit for purpose work programs going forward.

The retained areas are low lying and have good access via the Fly River. The recognised leads are broad features covering large areas and with the dearth of existing seismic control, conventional wisdom would suggest they will require a significant pre-investment in seismic acquisition before a well can be drilled.

Fortunately, previous workers have demonstrated that there is a surface soil gas geochemical response in areas near Lake Murray 1 and the Aiambak Prospect on the Fly Platform. In 2018 and 2019 KPE completed 2 pilot surface geochemical sampling surveys over the Lizard Prospect in PPL 340. KPE was satisfied that the results from these surveys were geologically meaningful and believes the technique has merit as a means of high grading seismic line location in Western Province and reducing the pre-investment required to define a drilling location.

The revised work programs which have been submitted for our new licences include soil gas geochemical sampling over the major prospects in an effort to optimise future seismic line location and reduce costs.

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



Petroleum Prospecting License (PPL) 437

Kina Interest: 57.5%

PPL 437 is in Western Province, immediately north of PRL 21 (Ketu-Elevala) and south of Hides, Muruk, Juha and P'nyang.

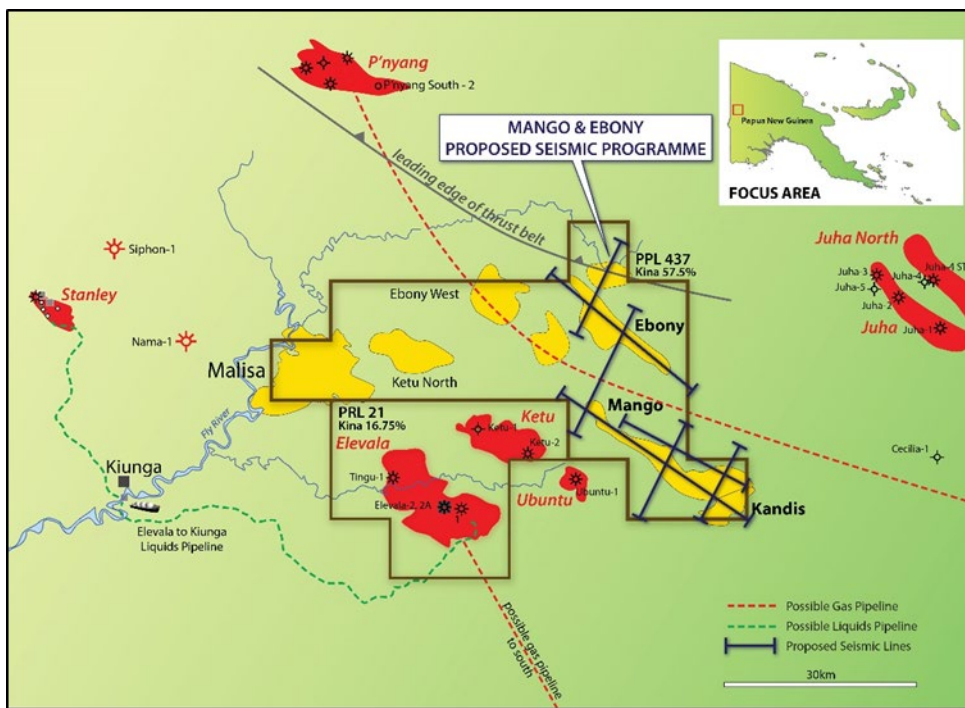
Malisa is drill ready and is attractive as a wet gas back fill target northwest of the Ketu discovery once there is line of sight on development of the Elevala and Ketu Fields or the P'nyang Field. Malisa is close to a barge point and is suitable for a road transportable drilling operation. Malisa is only 44km from Kiunga and in the event of success a low-cost development plan could be applied to develop a discovery at Malisa like the plan Kina is proposing for PRL 21.

In the east of the licence Ebony and Mango leads require additional seismic control to confirm their trap integrity.

Kina is in discussion with potential farminees, but these negotiations have been suspended in view of restrictions imposed by the Covid-19 pandemic and Kina has sought a suspension of all work obligations for PPL 437.

Kina has also filed for an extension of the licence.

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



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2020

	2020	2019
	US\$	US\$
Revenue	209	1,174
Share-based payments	(15,620)	40,990
Administration expenses	(287,039)	(619,239)
Consultancy fees	(108,263)	(153,215)
Foreign exchange gains	980	(25,435)
Exploration expense	(549,196)	(1,048,340)
Loss before income tax	(958,929)	(1,804,065)
Income tax expense	-	-
Loss after income tax	(958,929)	(1,804,065)
Other comprehensive income		
Foreign currency translation difference	(20,000)	1,566
Other comprehensive income for the period	(20,000)	1,566
Total comprehensive loss for the period attributable to members of the Parent Entity	(978,929)	(1,802,499)

Earnings per share	In US cents	
From continuing operations:		
Basic loss per share	(7.49)	(14.14)
Diluted loss per share	(7.49)	(14.14)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
CURRENT ASSETS		
Cash and cash equivalents	809,086	1,783,005
Trade and other receivables	78,443	107,590
Other current assets	56,396	29,555
TOTAL CURRENT ASSETS	943,925	1,920,150
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	11,593,498	11,593,498
Plant and equipment	20,219	22,023
Other non-current assets	451,461	456,261
TOTAL NON-CURRENT ASSETS	12,065,178	12,071,782
TOTAL ASSETS	13,009,103	13,991,932
CURRENT LIABILITIES		
Trade and other payables	223,987	224,783
Provisions	49,031	47,340
TOTAL CURRENT LIABILITIES	273,018	272,123
NON CURRENT LIABILITIES		
Provisions	0	4,795
TOTAL NON CURRENT LIABILITIES	0	4,795
TOTAL LIABILITIES	273,018	276,918
NET ASSETS	12,736,085	13,715,014
EQUITY		
Issued capital	26,535,318	26,535,318
Reserves	27,170,698	27,190,698
Accumulated losses	(40,969,931)	(40,011,002)
TOTAL EQUITY	12,736,085	13,715,014

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2020

	Ordinary Issued Capital US\$	Accumulated Losses US\$	Reserves US\$	Total US\$
For the period 1 January 2020 to 30 June 2020				
Balance at 1 January 2020	26,535,318	(40,011,002)	27,190,698	13,715,014
Loss for the period	-	(958,929)	-	(958,929)
Other comprehensive income				
Foreign currency translation difference for the period, net of tax	-	-	(20,000)	(20,000)
Total comprehensive income	-	(958,929)	(20,000)	(978,929)
Transactions with owners in their capacity as owners:				
Shares issued to Non Executive Directors under Employee Incentive Plan	-	-	-	-
Share entitlement under Employee Incentive Plan	-	-	-	-
Reorganisation and Restructure	-	-	-	-
Balance at 30 June 2020	26,535,318	(40,969,931)	27,170,698	12,736,085

For the period 1 January 2019 to 30 June 2019				
Balance at 1 January 2019	53,763,235	(26,140,188)	(37,839)	27,585,208
Loss for the period	-	(1,804,065)	-	(1,804,065)
Other comprehensive income				
Foreign currency translation difference for the period, net of tax	-	-	1,566	1,566
Total comprehensive income	-	(1,804,065)	1,566	(1,802,499)
Transactions with owners in their capacity as owners:				
Shares issued to Non Executive Directors under Employee Incentive Plan	57,288	-	(129,517)	57,288
Share entitlement under Employee Incentive Plan	-	-	31,240	31,240
Reorganisation and Restructure	(26,530,033)	-	26,530,033	-
Balance at 30 June 2019	27,290,490	(27,944,253)	26,395,483	25,741,720

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2020

	2020	2019
	US\$	US\$
CASH FLOW FROM OPERATING ACTIVITIES		
Exploration and evaluation expenditure	(549,196)	-
Payments to suppliers and employees	(387,185)	(1,113,787)
Interest received	209	1,174
Net cash used in operating activities	(936,172)	(1,112,613)
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(36,767)	(1,222,911)
Net cash used in investing activities	(36,767)	(1,222,911)
CASH FLOW FROM FINANCING ACTIVITIES		
Effect of exchange rate changes on cash and cash equivalents	(980)	-
Net decrease in cash and cash equivalents held	(973,919)	(2,335,524)
Cash at beginning of year	1,783,005	5,226,537
Cash at end of period	809,086	2,891,013

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half year ended 30 June 2020

Note 1 - Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2020 has been prepared in accordance with Accounting Standard IAS 34 – Interim Financial Reporting.

The half year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

Comparative information has been presented in the financial statements to enable an understanding of the results and financial position for the half year ended 30 June 2020.

Going Concern

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 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, 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.
- The Group has secured funds subsequently from the farmout of PPL 339.

Note 2 - Cash

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
(a) Composition of cash		
Cash at bank	809,086	1,783,005
	Half year ended 30 June 2020	Half year ended 30 June 2019
(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
	US\$	US\$
Loss from ordinary activities after income tax	(958,928)	(1,804,065)
Add Back		
Non-cash expense – shared based payments	15,620	(40,990)
Non-cash expense – depreciation	5,234	1,085
Non-cash expense – foreign exchange loss	(980)	25,435
Non-operating item – exploration expense relating to investment activity	36,767	1,048,340
Changes in assets and liabilities relating to operations:		
- (Increase)/Decrease in receivables	(6,921)	(81,447)
- Increase in other current assets	(26,842)	(52,680)
- Increase in other non-current assets	-	(186,199)
- Decrease in trade and other payables	(3,226)	(10,710)
- Decrease in provisions	3,104	(11,382)
Net cash used in operating activities	(936,172)	(1,112,613)

Note 3 - 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, 340, 581, 596, 597 & 598 – located in the Southern Papuan Basin which is a proven hydrocarbon province
- 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 three wet gas discoveries. The Group has a 16.75% interest in PRL 21 which is governed by a Joint Operating Agreement.

(b) Segment information

30 June 2020	Balance at beginning of the period	Exploration costs incurred	Exploration costs expensed	Balance at period end	% of total expenditure
	US\$	US\$	US\$	US\$	%
PPL 338	13,767	59,464	(59,464)	13,767	0.12
PPLs 581/596/597/598	-	32,781	(32,781)	-	0.00
PPL 339	429,929	211,846	(211,846)	429,929	3.71
PPL 340	16,205	43,220	(43,220)	16,205	0.14
PPL 435	26,611	27,962	(27,962)	26,611	0.23
PPL 436	24,604	31,609	(31,609)	24,604	0.21
PPL 437	5,694	18,901	(18,901)	5,694	0.05
PRL 21	11,076,689	123,413	(123,413)	11,076,689	95.54
PRL 38	-	-	-	-	0.00
	11,593,499	549,196	(549,196)	11,593,499	100.00

30 June 2019	Balance at beginning of the period	Exploration costs incurred/ (credited)	Exploration costs expensed	Balance at period end	% of total expenditure
	US\$	US\$	US\$	US\$	%
PPL 338	13,767	664,834	(664,834)	13,767	0.06
PPLs 581/596/597/598	-	16,730	(16,730)	-	0.00
PPL 339	429,929	82,309	(82,309)	429,929	1.91
PPL 340	16,205	59,205	(59,205)	16,205	0.07
PPL 435	26,611	16,370	(16,370)	26,611	0.12
PPL 436	24,604	15,075	(15,075)	24,604	0.11
PPL 437	5,694	37,730	(37,730)	5,694	0.03
PRL 21	21,821,653	270,309	(154,887)	21,937,075	97.70
PRL 38	-	1,200	(1,200)	-	0.00
	22,338,463	1,163,762	(1,048,340)	22,453,885	100.00

Note 4 – Controlled entities**Controlled Entities Consolidated**

Subsidiaries of Kina Petroleum Corporation	Country of incorporation	Percentage Owned (%)	
		As at 30 June 2019	As at 30 June 2018
Kina Petroleum Limited	PNG	100	0
Kina Oil and Gas Pty Ltd	Australia	100	100
Kina Petroleum (PRL 21) Ltd	PNG	100	100
Kina Petroleum (PRL 38) Ltd	PNG	100	100
Kina Petroleum (PPL 337) Ltd*	PNG	100	100
Kina Petroleum (PPL 338) Ltd*	PNG	100	100
Kina Petroleum (PPL 339) Ltd	PNG	100	100
Kina Petroleum (PPL 340) Ltd*	PNG	100	100
Kina Petroleum (PPL 435) Ltd*	PNG	100	100
Kina Petroleum (PPL 436) Ltd*	PNG	100	100
Kina Petroleum (PPL 437) Ltd*	PNG	100	100

* These entities were dormant at 30 June 2020.

Note 5 - Earnings per share

	For the half year ended 30 June 2020	For the half year ended 30 June 2019
	US\$	US\$
Operating loss after income tax used in the calculation of basic and diluted loss per share	(958,929)	(1,804,065)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	12,800,844	12,762,239
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted loss per share	12,800,844	12,762,239

Note 6 – Subsequent events

Subsequent to balance date, the group has completed a farm-out agreement with Santos which relieves KPE of future exploration costs on our PPL 339 licence and tops up our cash position with an amount of US\$1.48m.

Company details

AUSTRALIAN REGISTERED OFFICE

Suite 209, Level 2
111 Harrington Street
Sydney NSW 2000

PRINCIPAL PLACE OF BUSINESS

Australia

Suite 209, Level 2
111 Harrington Street
Sydney NSW 2000

PAPUA NEW GUINEA REGISTERED OFFICE

Portion 359
Scratchley Road
Badili, National Capital District
Papua New Guinea

Papua New Guinea

Level 10, Pacific Place
Corner of Musgrave St and Champion Pde
Port Moresby, National Capital District
Papua New Guinea

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

1. the attached condensed financial statements and notes thereto of the Group, comprising the company and its controlled entities, as set out on pages 11 to 18:
 - (a) give a true and fair view of the financial position of the Group as at 30 June 2020 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
 - (b) comply with International Accounting Standard IAS34: Interim Financial Reporting and ASX listing rules relating to half yearly financial reports;
2. the Managing Director and Chief Financial Officer have each declared that:
 - (a) the financial records of the Group for the half year ended 30 June 2020 have been properly maintained;
 - (b) the condensed financial statements and notes comply with International Accounting Standard IAS34: Interim Financial Reporting and ASX listing rules relating to half yearly financial reports;
 - (c) the condensed financial statements and notes give a true and fair view of the financial position of the Group as at 30 June 2020 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date.
3. in the Directors' opinion, there are reasonable grounds to believe that the Group 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 11th day of September 2020



Richard Schroder
Managing Director



Report on review of interim financial information to the Directors of Kina Petroleum Corporation

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Kina Petroleum Corporation (the Company) and its subsidiaries (the Group) as at 30 June 2020 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Material uncertainty relating to going concern

Without qualifying our conclusion, we draw attention to Note 1 to the condensed consolidated interim financial information which indicates that the Group will require additional funding in order to continue its operations to ensure realisation of assets and extinguishment of liabilities and meeting its minimum tenement expenditure commitments. This condition, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

PricewaterhouseCoopers

PwC Haus, Level 6, Harbour City, Konedobu. PO Box 484, Port Moresby, PAPUA NEW GUINEA
T (675) 321 1500 / (675) 305 3100, F (675) 321 1428, www.pwc.com.pg



Report on review of interim financial information

Kina Petroleum Corporation

Restriction on distribution or use

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

A stylized blue ink signature of PricewaterhouseCoopers.

PricewaterhouseCoopers

A stylized blue ink signature of Peter Buchholz.

Peter Buchholz
Engagement Leader

A stylized blue ink signature of Alison Judd.

Alison Judd
Partner
Registered under the Accountants
Act 1996

Port Moresby
11 September 2020