Rule 5.3

Kina PETROLEUM LIMITED
PNG Company Number: 1-63551
ARBN 151 201 704

A company registered in Papua New Guinea

31 October, 2017

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD: 1st July 2017 to 30th September 2017

Highlights and Summary for the Quarter

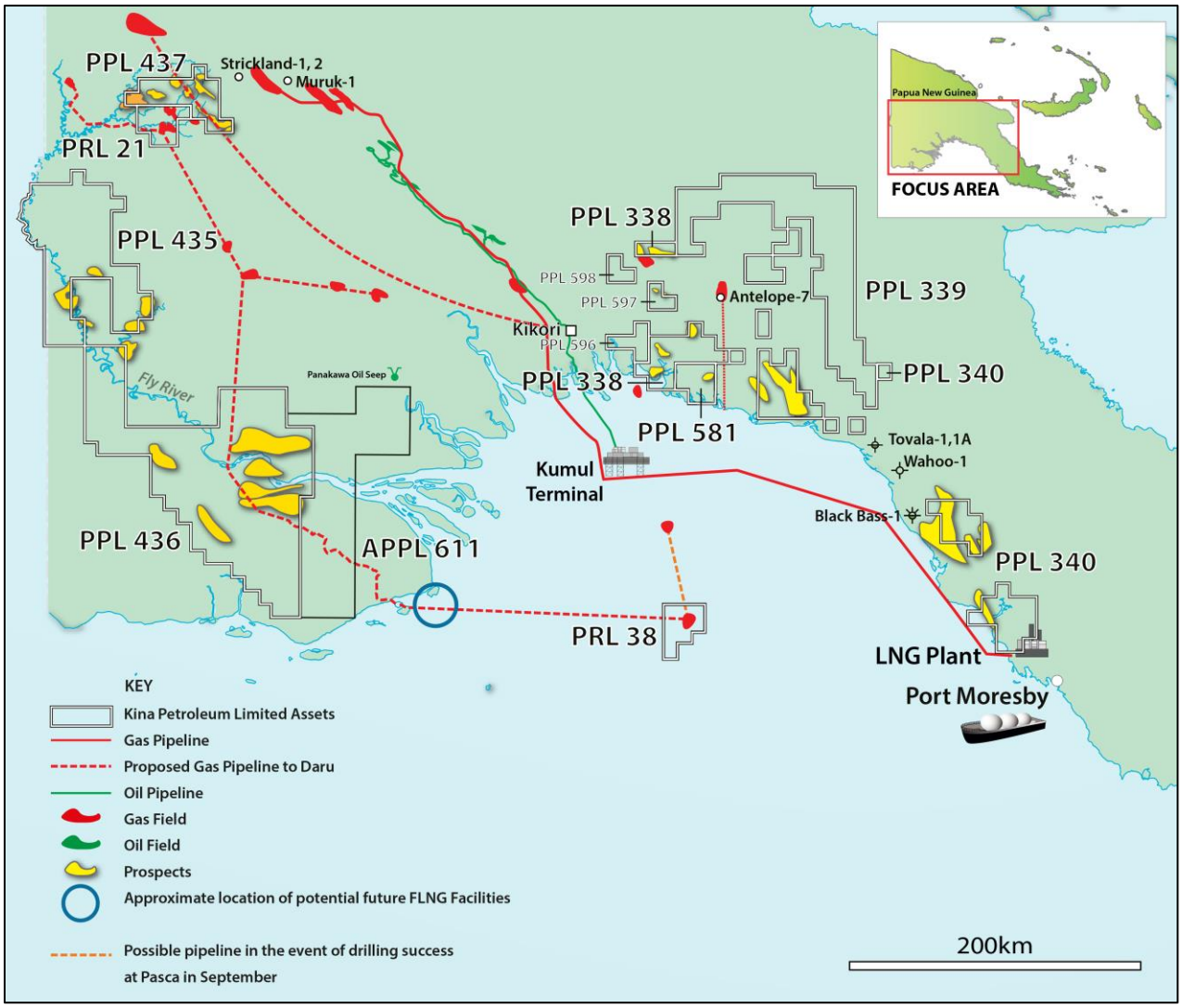
- **PRL 21 – An increase in Kina's interest to 16.75%, following the withdrawal of Mitsubishi in 2016, was confirmed during the quarter. The Joint Working Team's focus remains on an FLNG development out of a location close to Daru Island. Meanwhile, Kina continues to evaluate potential development options including early liquids production.**
- **PRL 38 – interest is currently focussed on the nearby Pasca field (Kina has no interest in this field) where Twinza are drilling a well on the Pasca A structure. Results may be known in late October/early November and could materially impact development options for Pandora.**
- **PPL 338, 581, 596, 597 & 598 – Nipa and Mangrove remain our high-graded prospects. Kina has undertaken scouting of the terrain over Nipa and Mangrove to determine seismic costs in advance of the proposed multi-licence seismic farm-out program**
- **PPL 339 – The operator continues to work with regulatory authorities to progress the licence extension. The Kalangar/Eclectus prospect remains the likely drilling candidate with additional risk reduction work, comprising a phased magneto-telluric survey and potentially a phased seismic programme, proposed to reduce exploration risk prior to locating the licence commitment well. Kina will farm out costs related to this additional delineation work.**
- **PPL 340 – Kina has scouted the Lizard Prospect to more accurately determine likely seismic acquisition costs using a boutique seismic crew approach. Lizard prospect has multi TCF potential, is close to Port Moresby and is the closest recognised reef prospect to the ExxonMobil LNG facility.**
- **PPL 435 & 436 – Kina has scoutws the Alligator and Aiambak Prospects. Alligator is one of the largest undrilled prospects in PNG, while Aiambak may be in communication with gas intersected and tested in Lake Murray 1. Once acquisition costs are determined, Alligator and Aiambak seismic surveys will form part of Kina's multi-licence farm out effort.**
- **PPL 437 – The Malisa prospect lies in the Kimu sandstone reservoir fairway and potential for an oil prone source rock is recognised within PPL 437. Malisa is close to a future PRL 21**

development hub and a future LNG pipeline from the P'nyang Field. The Mango and Ebony prospects located in the east of the licence require further delineation with additional seismic control which Kina will acquire as part of Kina's multi-licence seismic farm out program

Company, PNG and Industry Outlook

Kina Petroleum Limited (ASX: "KPL") has, at the end of this period, participating interests in Petroleum Retention Licences ("PRLs") 21 and 38 and in ten exploration licences (PPLs) across PNG with one APPL pending. Kina has made application for APPL 611 which is an eastern extension of PPL 436.

Map of KPL's licence areas



As stated last quarter Kina believes oil prices will remain around US$50 per barrel for the foreseeable future and is assessing the economics of its development options in light of this reality. Fortunately PNG is committed to retention of favorable fiscal terms and continues to demonstrate a pro-development strategy towards energy projects unlike many administrations in Australia.

Whilst an LNG project remains an attractive long term ambition for the company, at current oil prices early liquids production offers the quickest and most attractive commercialization option for the company. Kina has undertaken a detailed review of source rock potential in the Western Province and its southern licences, indicating that a good liquids source rock fairway extends from north of PRL 21 to the south east through the Panakawa seep to the Wabuda Trough. This fairway has been loading since the mid-late Pliocene period, is actively generating oil now and has the potential to charge traps formed during the late Miocene to Plio-Pleistocene periods, impacting the Malisa Prospect (PPL 437) in the northwest to the giant Alligator and Sturt Prospects (PPL 436) in the south east.

PRL 21 lies updip of this high graded fairway. Kina believes areas updip of the fairway are benefitting from present day oil charge which help explains the Elevala field being at the Dew Point on the phase envelope. Kina believes oil charge is currently by-passing this already gas filled reservoir on its way to the south east. Elevala, Ketu and Tingu Fields (EKT) have a very high liquids ratio and are ideal candidates for an early liquids development.

As Kina stated in the last quarterly report, it remains committed to a PRL 21 development in Western Province. The good road infrastructure and port facilities on the Fly River provide ideal infrastructure for a quick, cost effective liquids development and export.

Kina has completed scouting of its high graded prospects and leads in advance of acquiring seismic data to be funded by a multi-license farm out covering Lizard, Nipa, Mangrove, Alligator, Aiambak, Ebony and Mango Prospects. The farm out will offer cheap entry to shallow gas opportunities in the east which are close to LNG export facilities and to very large wet gas and oil prospects in Western Province.

Kina will unveil its multi-licence farm out proposal at the forthcoming PNG Chamber of Mines and Petroleum Conference to be held in Port Moresby from November 28th - 30th with current seismic costs based on the recent scouting survey.

PRL 21 (KPL interest 16.75%)

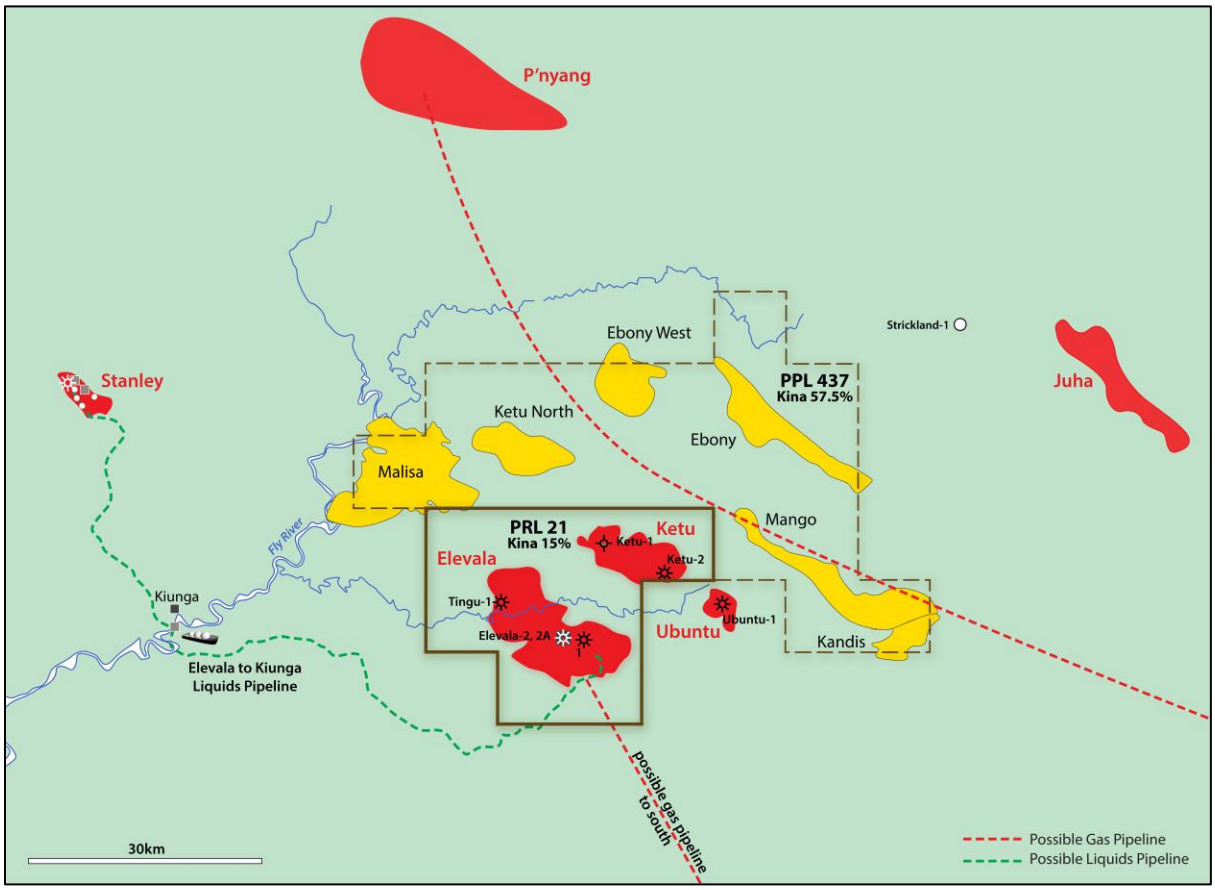
An increase in Kina's interest, from 15% to 16.75%, was confirmed during the quarter following government approval of the withdrawal of former joint venture partner, Mitsubishi Corporation. Kina is pleased to have acquired this at nil cost and with manageable forward expenditure obligations.

Kina remains committed to the long term potential of the gas trapped in Elevala, Ketu and Tingu (EKT), but also believes the liquids contained in EKT present an important development opportunity capable of delivering early cashflow. Kina has conducted independent studies of the licence's liquids potential.

Basin analysis conducted by Kina has investigated the possible reasons for the high liquids content in EKT. Analysis of available well data suggests that EKT may lie in a source sweet spot for liquids and that an adjacent kitchen is currently in the oil generating window post the loading phase associated with uplift of the PNG fold belt. Kina's structural mapping suggests a mid to late Miocene structural readjustment may have generated greater trapping potential at EKT which differentiates EKT from early formed traps that have so far exhibited poor reservoir quality to the west of PRL 21. While the early formed structures benefitted from early gas generation from deep kitchens located to the north of EKT, the most recent loading phase is pushing the late Jurassic source rocks adjacent to PRL 21 (and PPL 437) into the oil window now. Regional structuring since the mid Miocene is imposing a north westerly tilt to the foreland and the present spill chain is to the south east. Kina's work suggests that mid to late Miocene and recent loading movements may prove beneficial to structures up dip and to the east of EKT.

There is no doubt that EKT is in a liquids rich source rock fairway and Management remains focussed on production as soon as possible, reduced development costs and continues to evaluate development and production options for EKT.

Map of PRL 21 and adjacent PPL 437 licence areas

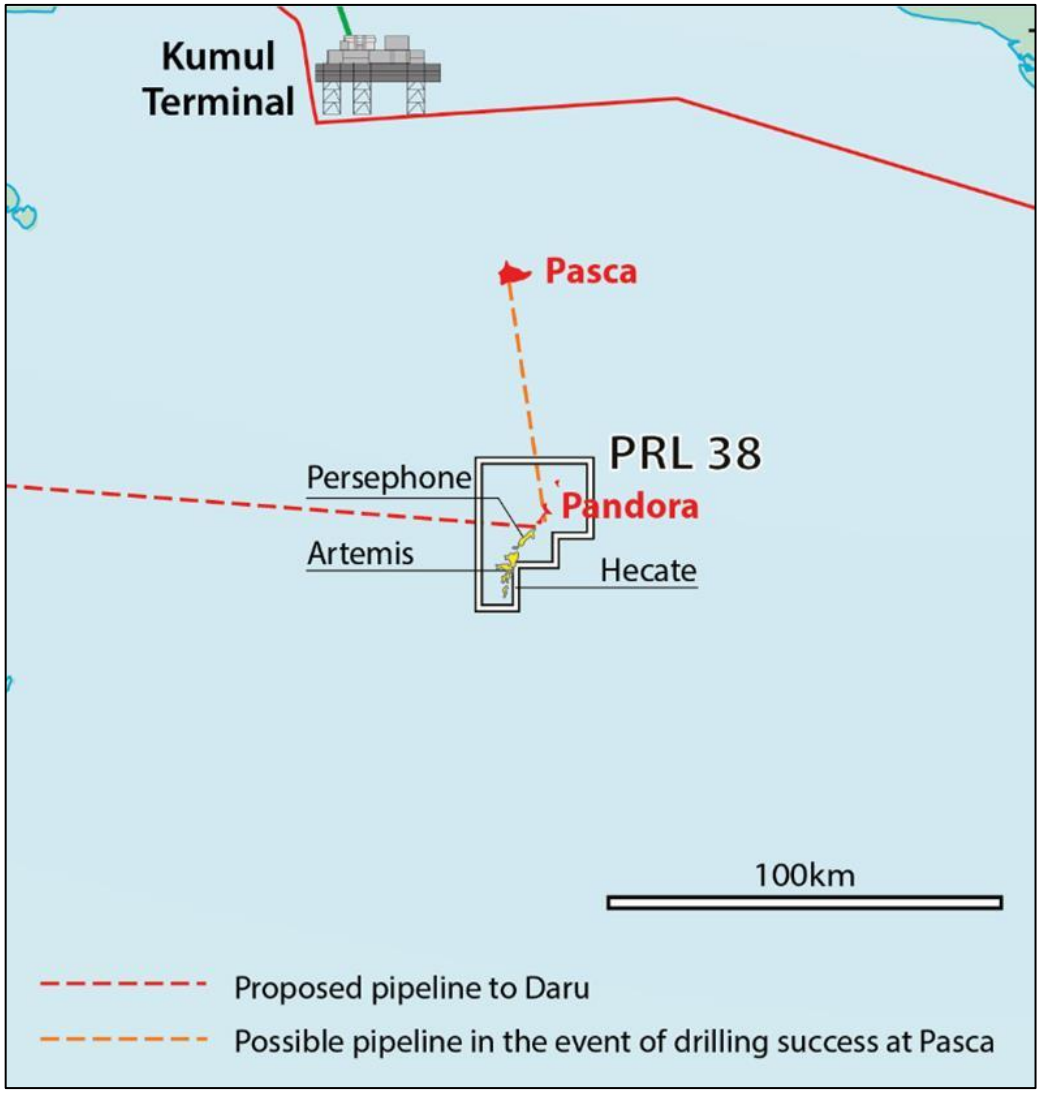


PRL 38 (KPL Interest: 25%)

To the north of PRL 38, Twinza has spudded its well on the Pasca A structure (Kina has no interest in this field or the drilling) and a positive outcome for the well could impact FLNG development options for PRL 38 where Twinza has 40% equity.

As part of its evaluation of Pandora, Kina has interpreted available seismic data between Pasca, Pandora and well ties to the south. Interpretation of the 3D seismic data covering PRL 38 has identified 3 prospects to the south of Pandora A and integration of the 2D data has presented a possible explanation to the common gas water contacts recognised in Pandora A and Pandora B1X. Prospect and field resource estimates are being evaluated by independent review.

Map of PRL 38 Licence Area



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

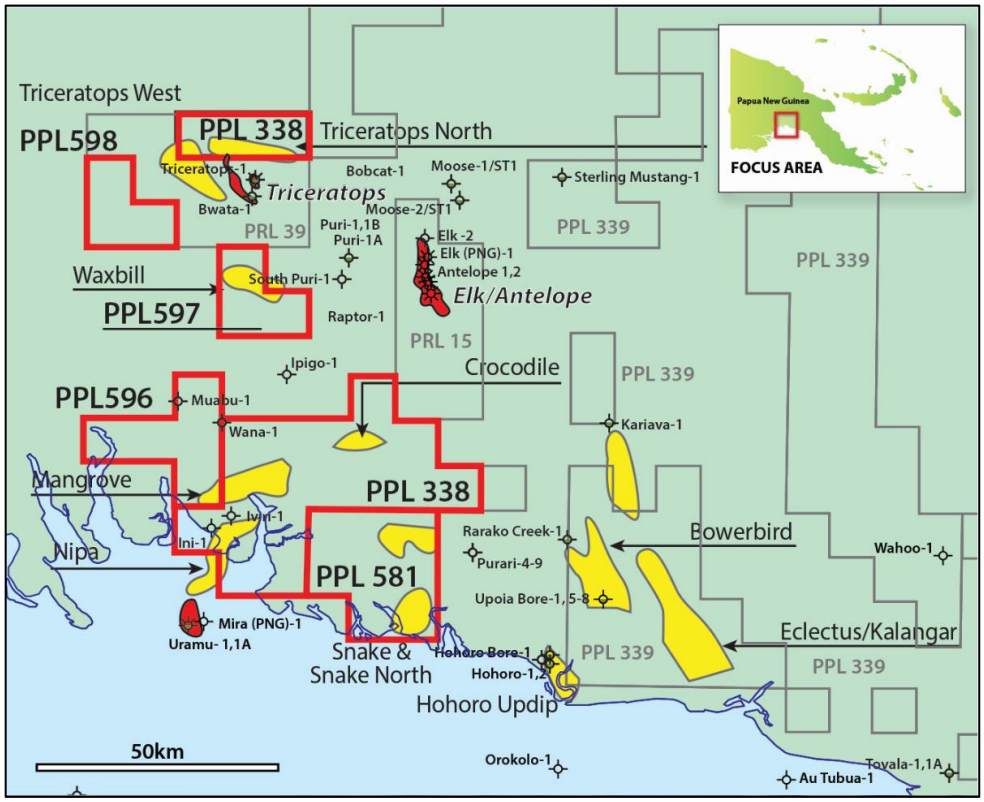
Nipa and Mangrove Prospects remain the high-graded prospects for future detailed seismic acquisition. Kina has undertaken scouting of the terrain over Nipa and Mangrove to determine seismic costs in advance of the proposed multi-licence seismic farm-out program.

Nipa and Mangrove are similar to Uramu and have undergone Pliocene loading related to shedding of sediment from uplifted areas to the north where Antelope and Triceratops fields are located. Although the exact reason for reef development is not yet clear at Nipa and Mangrove they appear to sit on an early formed basement feature that has undergone structural readjustment in the mid to late Miocene. The proposed seismic program will address both drilling location and also the reason for reef growth.

Mangrove reef best is best imaged on 1 reprocessed seismic line that was acquired up the Port Romily estuary and the Pie River. It is no coincidence that the subsurface structure has not only influenced surface drainage patterns but as well as influenced the location of reef growth. Many of the existing seismic lines stop at the banks of the Iviri Inlet or the Pie River and future seismic lines are planned to give continuous coverage over these drainage anomalies.

Kina intends to use a boutique seismic crew in PPL 338 and once seismic costs are determined Kina will mount a full review the company's prospects and the proposed seismic program at the PNG Chamber of Mines and Petroleum to be held in Port Moresby 28-30th November 2017.

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



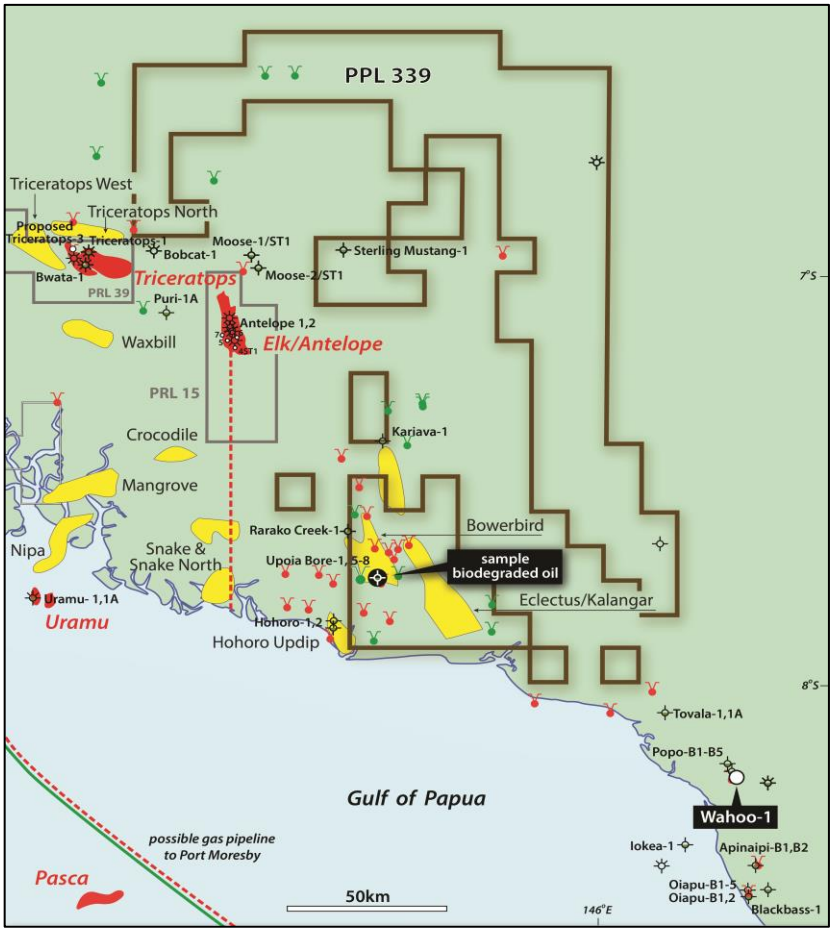
PPL 339 (KPL Interest: 30%)

The operator continues to work with PNG regulatory authorities to finalise the PPL 339 licence extension paperwork and we await confirmation of the anniversary date of the extension period of the licence so as to determine the optimal work program.

The Joint Venture continues to rank Kalangar/Eclectus as the best prospect in the retained licence area based mainly on interpretation of gravity data over Kalangar which has similarities to data acquired over Antelope. Unfortunately the prospect is located at significant junction of a number of mid to late Miocene and more recent structural trends that have impacted seismic data quality and for this reason, elements of the prospect are considered high risk and the further data collection is designed to address those items.

The operator is proposing to acquire magneto-telluric data and further seismic to ensure that a well location can be finalised for drilling as the licence commitment well. The data will be acquired in 2017 and 2018 with drilling scheduled to occur in 2019. To minimise cost exposures, Kina will farm out its obligations with respect to the upcoming work.

Map of PPL 339 Licence Area



PPL 340 (KPL Interest: 100%)

A provisional seismic program has been proposed for Lizard Prospect which has been scouted by Kina's geophysical and community affairs consultants. Kina is currently preparing cost estimates for acquisition of the seismic data in advance of commencing farm out discussions.

Lizard prospect is located on an uplifted part of the eastern platform that was structurally active in the early to mid-Miocene, the late Miocene and has most recently has undergone Plio-Pleistocene movement associated with uplift from the north. It formed in response to transpressional stresses during the mid to late Miocene to Pliocene with strain taken up along a number of faults including the Kurai Fault which strikes from Lizard to the north west. A number of associated splay faults are recognised that run west-north westerly which help set up Lizard as one of the largest, intact traps on the platform area with a significant fetch area out of the Lakekamu Sub-basin.

Latest Miocene carbonates form a shallow reservoir target and based on existing seismic control are present at shallow depth at Lizard. An oil seep has been sampled at Tapini, which high grades Lizard with respect to the areas to the south and south west.

Clearly, the Tapini area has been exposed at some stage to oil and thermogenic hydrocarbon discharge while biogenic gas intersections at Wahoo, Black Bass and Oroi suggests a more biogenic gas discharge from the south west. There is seismic evidence of a massive thickness of sediment in the Lakekamu Sub-basin with thickening of early Tertiary sediment across the Kurai Fault. It is this Kurai deep area that Kina believes has the potential to generate oil with liquids generated ideally placed for cross fault discharge into Lizard which is on an independent drainage cell to Wahoo, Black Bass and Oroi. Interestingly Wahoo 1 drilled to the north west of Lizard is a very young structure with a major Plio-Pleistocene component to its structural formation.

The area from Delena to Lizard lies on the early Miocene shelf edge and there is seismic evidence for early Miocene reefs on the northern edge of the shelf close to and east of Oroi 1 which then extends north west to Lizard.

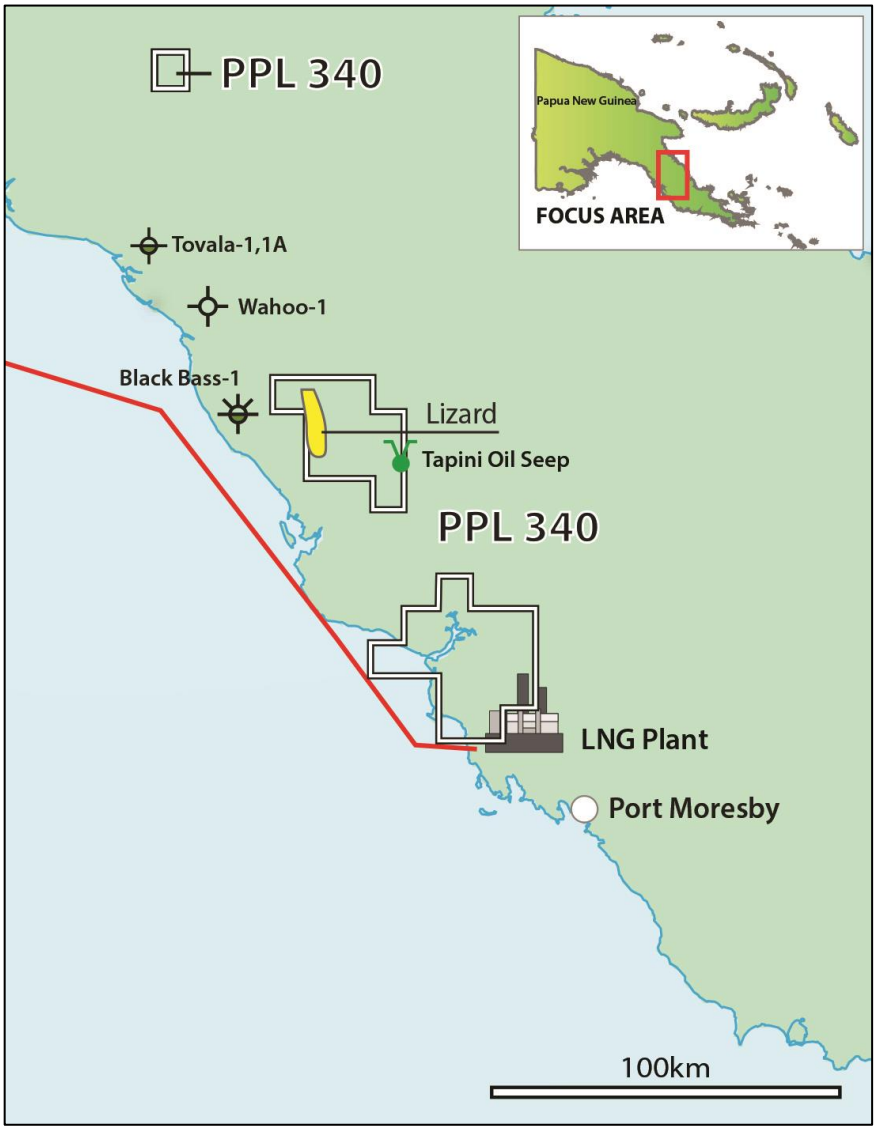
Kina is confident of the presence of a late Miocene carbonate at Lizard but acknowledges there is a need for additional seismic control to adequately define the Lizard shelf edge and to confirm the presence of an early Miocene reef at Lizard.

Lizard has multi TCF potential, is close to Port Moresby and is the closest intact carbonate trap to the ExxonMobil LNG facility. Its proximity to Port Moresby with good access into the prospect area makes it ideal for field testing the proposed boutique seismic crew in advance of moving the crew to the west.

The seismic program in PPL 340 will form part of a multi-licence farm out campaign to be unveiled at the PNG Chamber of Mines and Petroleum Conference in Port Moresby from November 28th - 30th this year.

A map of the PPL 340 licence area appears on the following page.

Map of PPL 340 licence area



PPL 435 and 436 (KPL Interest: 100% in both licences) & APPL611

Kina has completed seismic scouting of Alligator Prospect in PPL 436 and Aiambak Prospect in PPL 435.

Alligator is one of the largest undrilled prospects in PNG. It is located up dip of a liquids rich source rock facies known to be generating oil now as a consequence of structuring associated with loading of the Fly Platform and the foreland basin. Oil is flowing from Panakawa seep at a rate of 5 barrels of oil per day and Alligator Prospect is structurally several hundred meters up dip of Panakawa at top reservoir level. Alligator Prospect has undergone phases of movement in the Late Cretaceous, mid-late Miocene and Plio-Pleistocene. It is the last 2 phases of structuring that are highly encouraging for Alligator as they create

late trapping capacity which can take advantage of the present high levels of oil generation taking place in the fetch area down dip of Alligator.

Alligator is located at the southern margin of the Fly Platform. As has been stated previously by Kina the Fly Platform has a number of similarities with the Sahul Platform of the Bonaparte Basin where upwards of 40TCF of gas has been discovered. The wet gas/liquids of the Bonaparte Basin have a similar liquids richness to that seen at Elevala, and generation is believed to be occurring now in the Bonaparte Basin due to loading of the Australian Shelf caused by over-thrusting of Timor. The analogy does not stop there in that the Plover Sandstone reservoir of the Bonaparte Basin is age equivalent of the Magobu Sandstone which is one of Kina's primary reservoir targets for Alligator, Sturt and Barramundi Prospects. However the big positive for Kina's inventory in the south Papuan Basin is the additional reservoir targets within the late Jurassic and early Cretaceous which significantly increase the chances of success for these prospects and presents the possibility of stacked pay zones thus increasing volumes of trapped oil and gas in the event of success.

Furthermore the benign terrain at Alligator Prospect combined with close and easy access to Daru Island make the economics of development of Alligator highly favourable in the event of success.

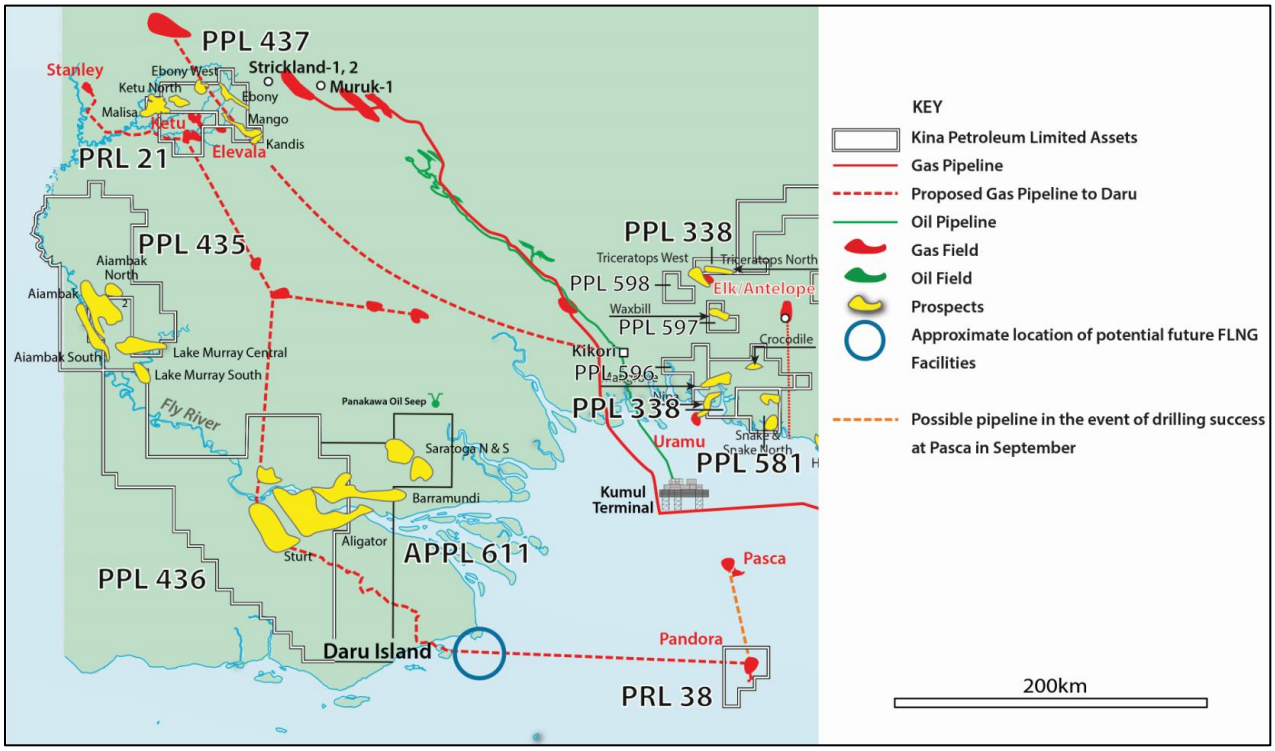
To the north west of Alligator in PPL 435 the Aiambak Prospect is located very close to the port of Aiambak with top reservoir mapped to be up dip of good reservoir intersected in Lake Murray 2 and at a comparable depth to gas tested in Lake Murray 1 in 1973. Seismic mapping of top reservoir shows mid to late Miocene movement of the Fly Fault has uplifted 3 possible reservoir sands into a large fault bounded trap at Aiambak. The structure is broad and flat and is potentially in communication with the thin sands tested in Lake Murray 1. Improved reservoir quality and the likelihood of a stacked sequence of sands at Aiambak present an opportunity for a very significant pool or pools of gas to be trapped within the structure. It is located on the Fly River and is navigable twelve months of the year. Although it is outside the fetch area of the oil rich source rock fairway discussed in relation to Alligator Prospect, gas recoveries from Lake Murray 1 confirm significant gas potential at Aiambak.

The chance of commercialising a gas discovery at Aiambak is good because of its location with respect to the port and the Fly River. Further seismic control is required to map the limits of the Aiambak structure and to identify the optimal location to drill the prospect. A 150-200km proposed seismic survey has been scouted by Kina's operational consultants, and cost estimates are being prepared.

The survey will form part of Kina's multi-licence seismic program and is included in the farm out package to be unveiled at the PNG Chamber of Mines and Petroleum Conference in November 2017.

A map of the PPL 435 & 436 licence areas appears on the following page.

Map of PPL 435 & 436 Licence Area
(showing proximity to forelands, discovered Western Province resources and a potential future FLNG location)



PPL 437 (KPL Interest: 57.5%)

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

PPL 437 lies on a shelf between the Fly Platform and the Mesozoic depocentre to the north and exhibits structures with mid to late Miocene fault movements critical to entrapment of late stage oil and gas, enhancing the chances of preservation of good reservoir within the licence's recognised prospects. Malisa Prospect lies in the Kimu sandstone reservoir fairway, is within a zone that has been uplifted in the mid to late Miocene and may lie in the drainage catchment of the late Jurassic to early Cretaceous source rock fairway. Malisa has stacked reservoir potential close to a future PRL 21 development hub and a future LNG pipeline from the P'nyang Field. Kina has identified a number of key characteristics that differentiate Malisa from the Siphon-1 and Nama-1 wells to the west, both of which intersected poor reservoir. Malisa if successful would add a significant contribution to any proposed aggregated development of EKT and Stanley Fields

The Mango and Ebony Prospects are located in the east of the licence with Mango Prospect also demonstrating mid to late Miocene structural characteristics similar to that of the Elevala Field. Mango is located on a structural terrace down faulted from EKT and by analogy to Elevala is considered to be highly

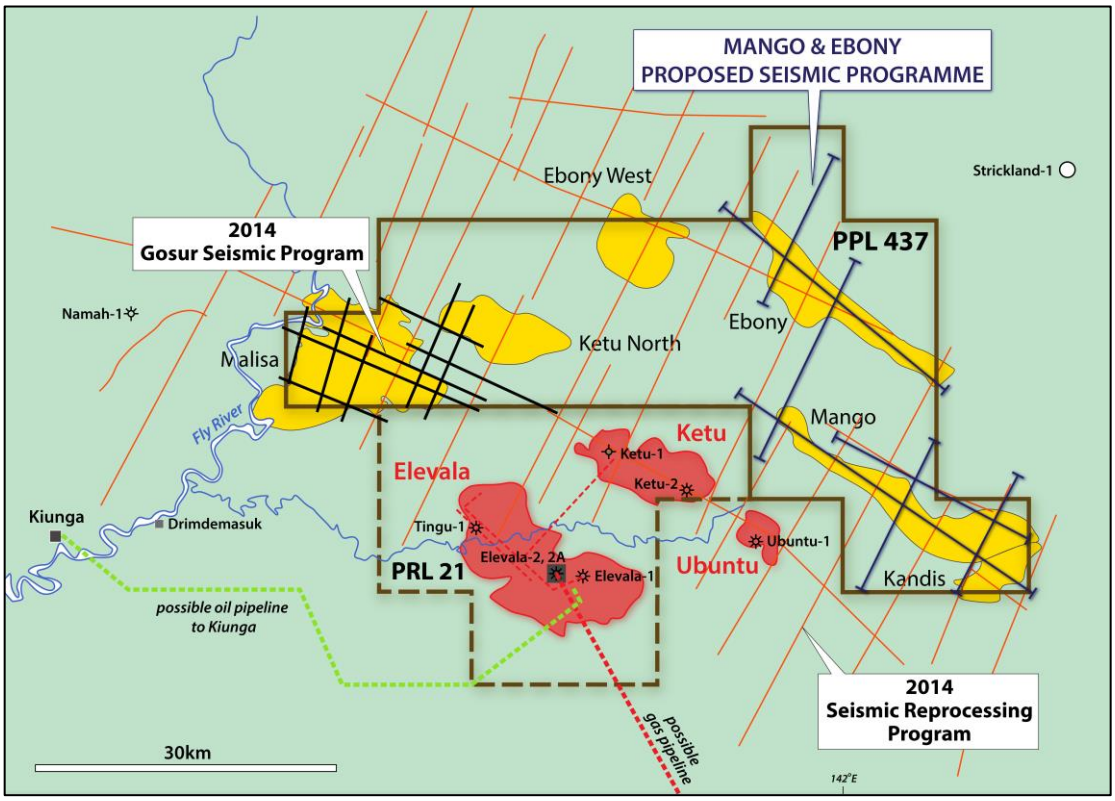
attractive for entrapment of hydrocarbons generating now out of a mature source rock fairway that lies between Ebony and Mango.

Ebony lies on the leading edge of the structural block that separates the Fly Platform from the deep Mesozoic Basin that developed to its north. Early formed fluids generated out of the deep northern basin during the late Cretaceous would have migrated through the Ebony location to the west towards Nama and Siphon, where re-silicification of the primary reservoirs has occurred. Key to success at Ebony will be evidence of structuring that isolated the trap from the event that destroyed reservoir quality to the west. Ebony remains very attractive because it lies on the main footwall fetch area to the primary thrust that sets up P'nyang Field.

Kina and Heritage have calculated potential oil and gas volumes for the prospects but recognise that the eastern prospects require additional seismic control to confirm their exploration resource potential. It is proposed that a seismic program over Ebony and Mango will form part of Kina's multi-licence prospect review and farm out program to be presented at the forthcoming PNG Chamber of Mines and Petroleum Conference to be held in Port Moresby in November, 2017.

Because of their proximity to PRL 21, P'nyang Field and the proposed Kumul Petroleum Holdings Pipeline the PPL 437 JV believes the prospects will have considerable farm out appeal.

Map of PPL 437 Licence Area



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Kina Petroleum Limited

ABN	**Quarter ended ("current quarter")**
30 151 201 704	30 September 2017

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (9 months) $US'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(225)	(148)
	(b) development	(86)	(164)
	(c) production	-	-
	(d) staff costs	(123)	(336)
	(e) administration and corporate costs	(245)	(746)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(678)**	**(1,421)**

Consolidated statement of cash flows		Current quarter $US'000	Year to date (9 months) $US'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

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

Consolidated statement of cash flows		Current quarter $US'000	Year to date (9 months) $US'000
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,344	7,146
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(678)	(1,421)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	32	(27)
4.6	**Cash and cash equivalents at end of period**	**5,698**	**5,698**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $US'000	Previous quarter $US'000
5.1	Bank balances	5,698	6,344
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,698**	**6,344**

6.	Payments to directors of the entity and their associates	Current quarter $US'000
6.1	Aggregate amount of payments to these parties included in item 1.2	8
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Non-Executive Directors Fees

7.	Payments to related entities of the entity and their associates	Current quarter $US'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $US'000	Amount drawn at quarter end $US'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	Estimated cash outflows for next quarter	$US'000
9.1	Exploration and evaluation	1,000
9.2	Development	80
9.3	Production	-
9.4	Staff costs	120
9.5	Administration and corporate costs	400
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**1,600**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased*	PRL 21	Participating interest in exploration licence	15%	16.75%

* Kina's interest in PRL 21 increased from 15% to 16.75% following regulatory approval of the transfer of the interest held by Mitsubishi Corporation (who withdrew from the PRL 21 licence in 2016).

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 31 October 2017

(Director)

Print name: Richard Schroder

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.