



A company registered in Papua New Guinea

30 April, 2018

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD: 1st January 2018 to 31st March 2018

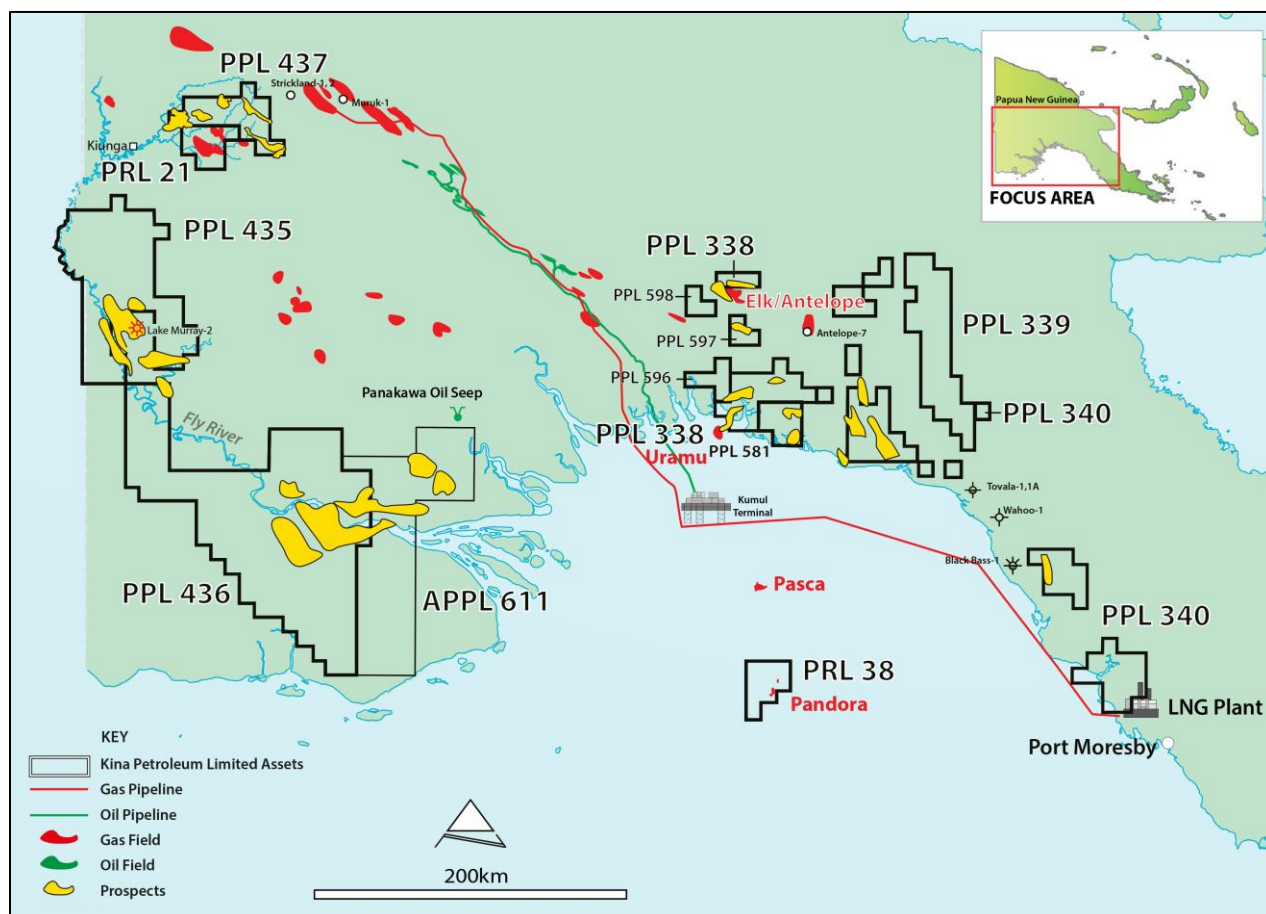
Highlights and Summary for the Quarter

- **PRL 21** – The joint venture continues its evaluation of Western Province FLNG development scenarios and early cash flow from PRL 21 remains a priority for Kina. The company believes that the licence's significant resource potential (notably liquids), for which Kina will undertake a resource certification exercise, can be brought on stream in the near term to take advantage of oil prices which are presently forecast to hold well above the lows of 2016 and early 2017.
- **PRL 38** – The Pandora gas resource is ideally placed to underpin a future Gulf of Papua aggregated LNG development. Along with PRL 21, Kina will undertake a resource certification exercise for the licence's resource.
- **PPL 338, 581, 596, 597 & 598** – Kina is looking to acquire full spectrum AGG, gravity and magnetic data over these licences. The data will be merged with existing data to constrain and rank prospective carbonate structures from the west of PPL 338 to western edge of PPL 339 and eastward to PPL 340.
- **PPL 339** – Kina continues to evaluate the western Aure Trough margin. Carbonate potential is seen on the eastern and western flanks of the trough, with the west seen as having potential on the basis of nearby oil and gas seeps.
- **PPL 340** – A farmout effort is underway. The Lizard prospect is a large, multi TCF prospect close to Port Moresby with oil potential based on an oil seep recognised at Tapini Station.
- **PPL 435 & 436** – Alligator and Aiambak prospects form the basis of ongoing farmout discussions. Each prospect has significant oil and gas potential in an area of easy access and benign terrain.
- **PPL 437** – The Malisa Prospect is recognised as a large drill-ready opportunity. It has similar liquids and gas resource potential to that tested in PRL 21 and the liquids offer near term development potential. A seismic program over Ebony and Mango prospects will form part of a farmout package.

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



The last 3 months have been very difficult for PNG with human loss and suffering caused by the 7.5 magnitude earthquake which hit Hela Province on 26 February 2018 killing upwards of 200 people. The industry's first priority was to assist people affected by the tragedy and Kina's Board and Management extend their condolences to those affected.

Kina is not directly involved in the areas affected by the earthquake but with ExxonMobil and Oil Search forced to shut in production, the ramifications of the incident are widespread. Industry supported relief efforts were led by ExxonMobil and Oil Search. The resumption of production during April was welcome news to all.

The March quarter has seen sustained improvement in oil prices, thus favourably impacting project economics, however Kina continues to evaluate its project and development options with vigilance, screening these options based on sensitivities relating to capex, opex, production levels and commodity price fluctuations. Kina remains of the view that the early development of PRL 21 can deliver value to all stakeholders

Asset Activity

Kina's gas resources remain a valuable strategic asset for small-mid scale LNG development, and PPL 437, our exploration licence near the P'nyang field, has been high-graded by the increased resource potential likely to result from successful recent appraisal drilling at P'nyang. In the east, PRL 38 has been estimated to contain material quantities of gas and is less than 100 km from Pasca where gas was tested late last year. We watch development progress with interest.

Over and above these development options, Kina's exploration portfolio offers significant upside and the company is seeking to unlock this via farmout. Since listing, Kina has invested considerable time and capital maturing its database and intellectual property across its portfolio. Of necessity this has required a country wide approach with integration of data across the basin and out of Australia and Indonesia.

This work has unlocked the potential of its eastern Papuan Basin assets around Antelope and has also identified very large potential of the Fly Platform Play in the south west of the country. Kina continues to integrate the sequences critical to an understanding of the petroleum system across the country and sees obvious analogies with the geology and targets on the North West Shelf.

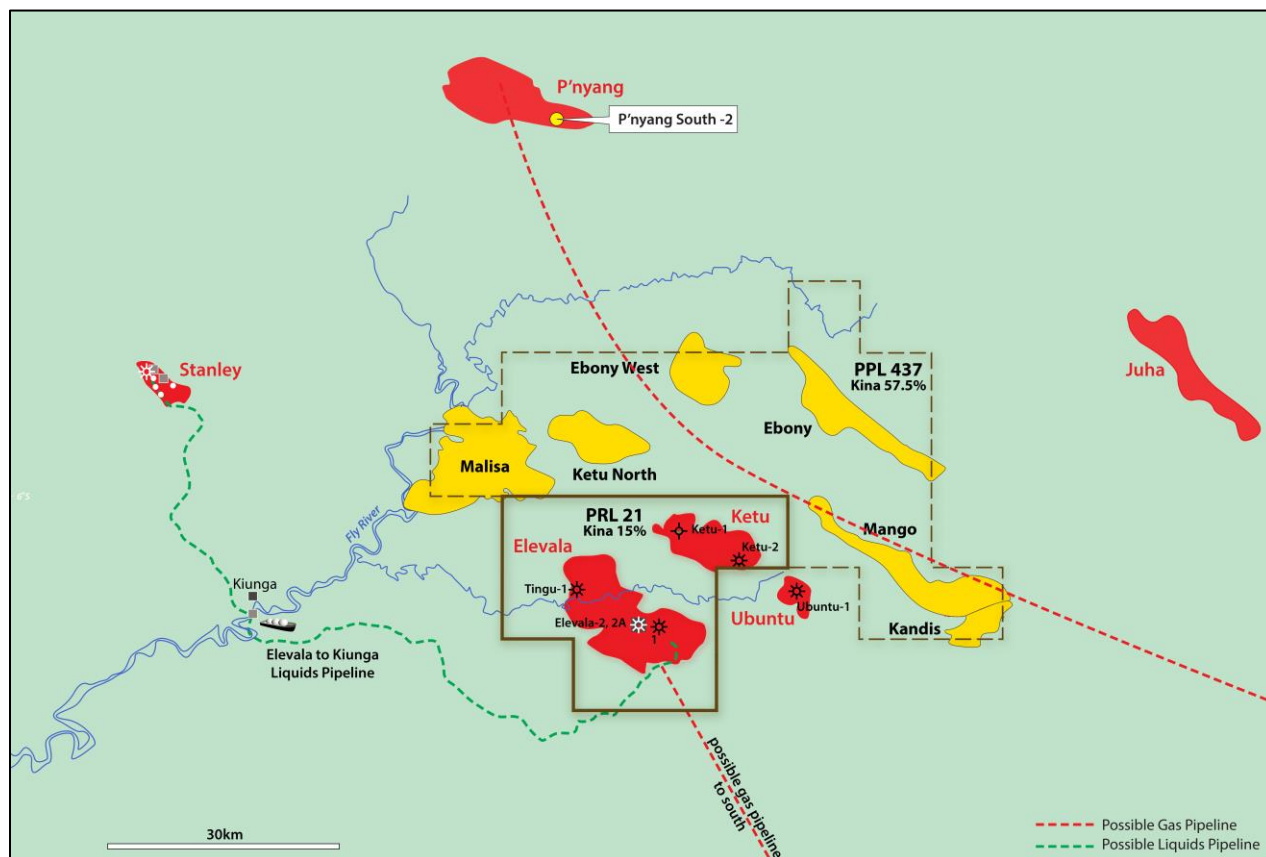
Kina views the mid Jurassic to Late Cretaceous shelf that extends from the north west of the Papuan Basin to the east and south of PPL 436 as one petroleum system which is presently discharging oil and gas onto the Fly Platform. It is this work that underpins Kina's confidence in the play and forms the basis for the farm out activity currently underway.

PRL 21 (KPL interest 16.75%)

Economic and engineering studies, including those undertaken independently by Kina, demonstrate that the gas asset presents significant stand-alone medium to long term value to the company with this value enhanced by the recent success at P'nyang South 2 in PRL 3. The liquids resource is, however, viewed as offering near term value with early cash flow potential. Kina's studies suggest that early development of PRL 21 is feasible, particularly when a project which commercialises liquids in the near term would be consistent with the development concept previously submitted to the government of PNG.

Progression of development of the licence will establish PRL 21 as a hub for future development of nearby discoveries and foster exploration in neighbouring licences such as PPL 437 where Kina and Heritage have a drill-ready opportunity.

Map of PRL 21 and adjacent PPL 437 licence areas



PRL 38 (KPL Interest: 25%)

The Pandora A field is located on a reef build up with more than 650m of relief. More than 40% of the reef closure is filled. Seismic data indicates that the trap is leaking into overlying and adjacent sediments due to partially ineffective seal. Testing of 75.7 metres of the reservoir in the Pandora A field yielded a flow of 57.1 MMscfd of gas

The Pandora 1B well was drilled into a smaller reef covering 1.85 sq. km located 7.5km from Pandora A. Reef elevation is 440m of which 110m is gas filled. The well flowed 43 MMscfd when tested.

The gas composition of the Pandora reefs is 98% methane, with smaller percentages of (<1%) of nitrogen, carbon dioxide and hydrogen sulphide.

The success of Twinza's recent drilling campaign in the nearby Pasca fields has focussed attention on Gulf of Papua gas assets, and a future development of Pasca would establish a hub into which other gas discoveries could be aggregated. Pandora is the largest offshore gas discovery in the Gulf and is located less than 100 km from the Pasca fields. The combined equity of Twinza and Kina in PRL 38 make it an obvious candidate for aggregation into a future mid-stream Gulf Province LNG Development.

Subject to line of sight on commercialisation being established, Kina sees merit in drilling an appraisal well on the Pandora A accumulation to acquire critical core data to assist in the development planning of the field.

Kina's technical evaluation of PRL 38, using the 2D and 3D seismic data set has confirmed an additional 3 prospects to the south of Pandora A adding exploration upside to the licence.

Map of PRL 38 Licence Area



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

Triceratops North and Triceratops West have been the focus of work undertaken during the quarter. The prospects rise to the west from the Bwata 1, Triceratops 1, 2 and 3 discoveries where mid Miocene carbonates have been down-faulted in the late Miocene to Pliocene adjacent to the outcropping Irou Anticline. Well and seismic data support on lap of the late Miocene orbalina marl onto late Miocene

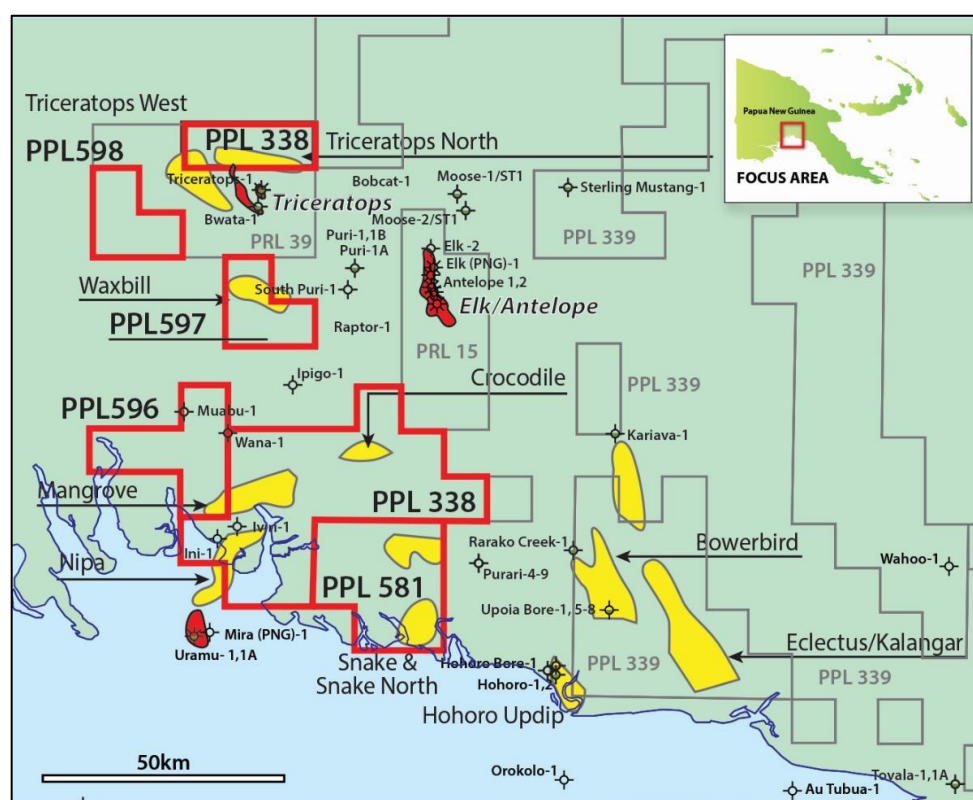
carbonates at Triceratops North and Triceratops West Prospects which would have been sub-aerially exposed in the late Miocene a process conducive to better reservoir development.

Late Miocene to early Pliocene Orubadi shale seals the carbonates east of the Irou fault at Bwata 1, Triceratops 1, 2 and 3. Presence of late Cretaceous shales are confirmed at Wabau 1 and their presence below the carbonates at Irou Anticline present the potential for cross fault seal as well as face discharge of oil into the Triceratops carbonates. Oil potential of the late Cretaceous shales is confirmed by excellent oil shows confirmed in the hanging wall, late Cretaceous shales at Pangia 1 and oil is believed to be very real exploration option for Triceratops West and Triceratops North.

Nipa, Mangrove and Waxbill Prospects would be covered by the full spectrum AGG that Kina is looking to participate in, gravity gradiometry and magnetic survey which will be completed in May and in which Kina hopes to participate. The integrated data set will be used to constrain these late Miocene carbonate prospects.

The AGG and gravity data is a precursor to acquiring seismic data over Nipa and Mangrove prospects. Kina will manage the acquisition using a boutique seismic crew suited to the terrain and conditions prevailing in the licence area. This approach is expected to deliver significant savings to the cost of the seismic acquisition.

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.

As noted last quarter, the Kalangar/Electus (K/E) prospect has been high graded and is located close to the late Cretaceous, East Gondwana margin where tectonic activity during the Cretaceous established an active tectonic setting of uplifted fault blocks separated by syn-orogenic troughs, an environment suitable to early Tertiary platform and reef generation. Unfortunately this marginal tectonic region is not conducive to acquisition of good quality seismic data and has led to use of other geophysical tools to high grade prospective areas.

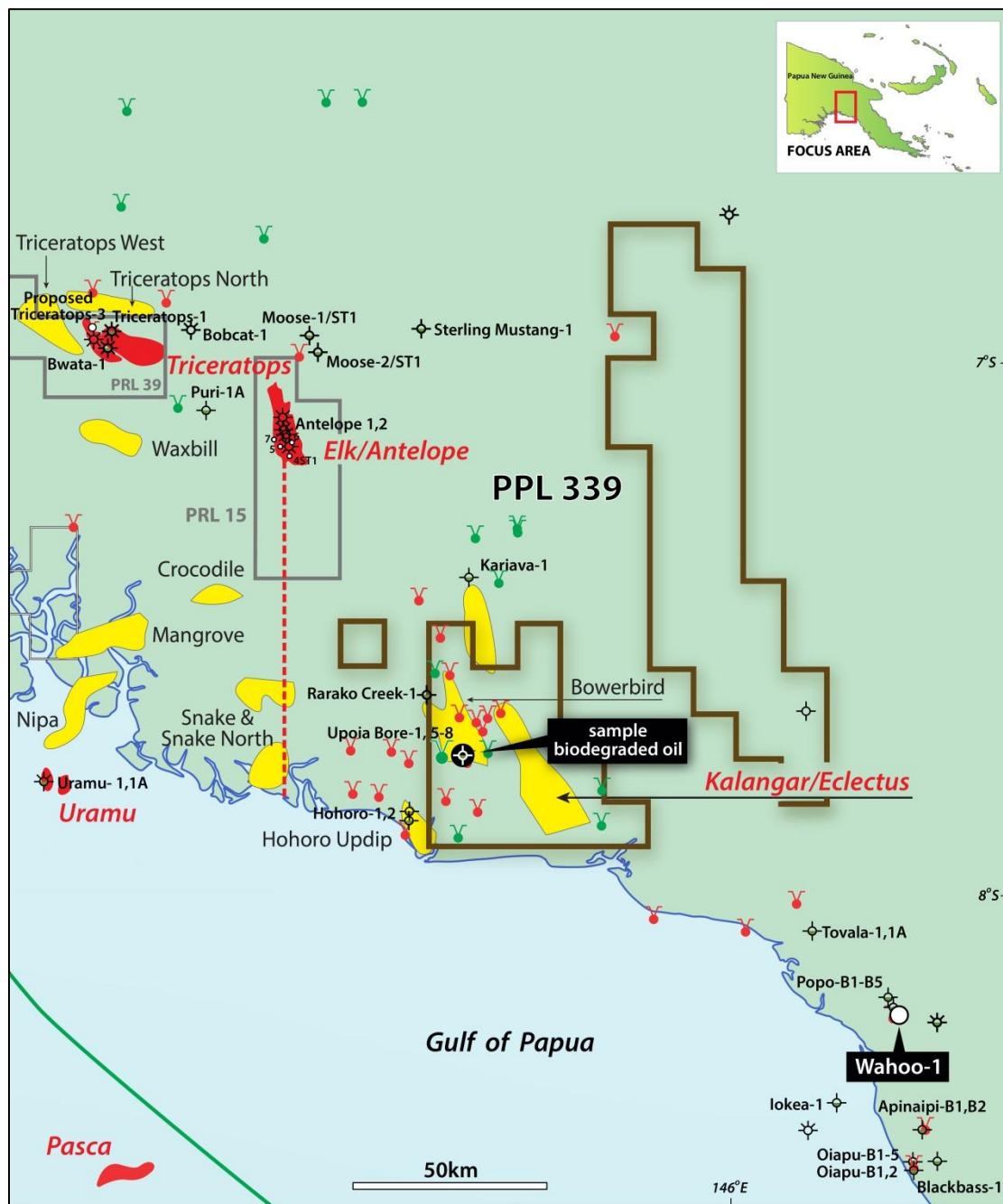
Aerogravity/gradiometry (AGG) and seismic data has already been acquired over the K/E Prospect. The AGG data support several shallow high density anomalies in PPL 339 which may be caused by carbonates but could also be uplifted high density blocks. The seismic data is inconclusive and the joint venture intends to acquire magneto-telluric data over the K/E prospect. The results of this work will assist in the planning of any follow-up work that might be considered necessary prior to drilling.

The nature of the geophysical data acquired to date and the licence's resultant risk profile were factors in the company farming out its interest in the licence. Following acquisition and interpretation of new field data, and subject to Santos opting to retain its interest in the licence ahead of the first well being drilled, Kina will retain a residual (10%) participating interest in the licence at the time of drilling that first well with that 10% share fully carried, up to an agreed amount, pursuant to its pre-existing farmout agreement with Oil Search.

A map of the PPL 339 licence area appears on the following page.

*subject to farmout agreement with Santos

Map of PPL 339 Licence Area



PPL 340 (KPL Interest: 100%)

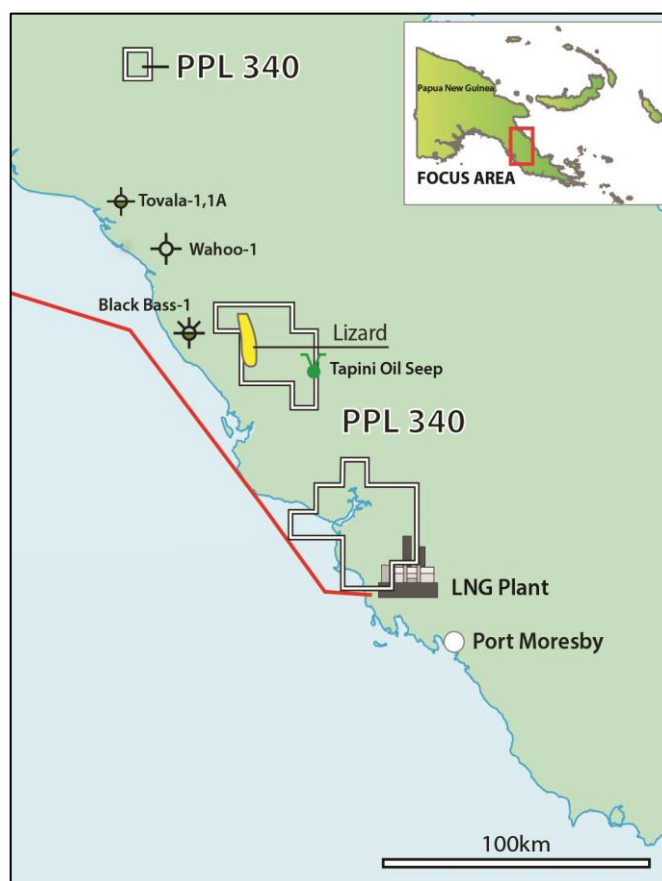
Kina has continued to build its knowledge of the prospect by identifying factors that differentiate it from past wells Wahoo 1, Oroi 1 and Black Bass 1 all of which had indications of dry gas.

Lizard is adjacent to the Lakekamu embayment, an area that Kina believes has the potential to preserve late Cretaceous rocks which offer oil source potential. A late Miocene structuring event forms a saddle on the uplifted fault block south west of the Lakekamu Embayment which separates Lizard from the aforementioned wells and places Lizard on a direct migration path way out of the Lakekamu Embayment.

Outcrop, gravity and seismic data suggest that Lizard is located on an early uplifted block south along the Kurai Fault which bounds the Lakekamu Embayment. The area from Delena to Lizard lies on an early Miocene shelf edge ideally located for entrapment of oil and gas from the Lakekamu Sub-basin. Oil generation is confirmed at the Tapini Station seep located to the east of Lizard.

A provisional seismic program has been proposed for Lizard Prospect, the location of which was scouted by Kina's geophysical and community affairs consultants in October last year. Cost estimates for acquisition of the seismic data are being refined to assist in advancing farm out discussions.

Map of PPL 340 licence area



PPL 435 and 436 (KPL Interest: 100% in both licences) & APPL 611

Kina's technical effort continues to focus on developing the Fly Platform Petroleum Play that extends from APPL 611 to PPL 435. The petroleum system is analogous to the North West Shelf of Western Australia. Focus of our work has been an integrated interpretation of the Fly Platform petroleum system.

Early Jurassic to Late Cretaceous source rocks develop on the outer shelf and can be demonstrated to extend from the Indonesian border to the north west of PPL 437 to the east of APPL 611. In places the source intervals extend westward across the deeper parts of the Fly Platform into the Morehead Sub-basin. Oil generation is confirmed at surface at the Panakawa seep and at the Manta 1 well. Oil migration is from kitchens identified to the north, east, south and west of the Fly Platform. Kina continues to develop its ideas with respect to the extent of the mid to late Jurassic source rocks and believes they extend across the platform via the Awapa Saddle into the Morehead Sub-basin. Analysis of geothermal gradients from well control suggests these source rocks will be generating now in the Morehead Sub-basin.

Tertiary carbonates, late and early Cretaceous sands, late Jurassic sands and early Jurassic sands present multiple reservoir targets across the platform into the Morehead Sub-basin. Orubadi, late Cretaceous, early Cretaceous, mid Jurassic shales provide seal for prospects in PPLs 435, 436 and APPL 611. Source rock kitchens have been mapped surrounding the prospects mapped using Kina's reprocessed seismic data set.

These traps are large with analogues in the Sahul Platform of the North West Shelf where upwards of 40TCF of gas has been discovered.

The Alligator Prospect remains one of the most attractive undrilled structures in PNG. It is:

- one of the largest undrilled prospects in PNG;
- at the eastern edge of the active east Gondwana margin with proven multiple reservoirs, seal and good quality seismic data;
- located up dip of a liquids rich source rock facies known to be generating oil now with proven oil flowing from Panakawa seep at a rate of 5 barrels of oil per day; and
- up dip of loading of the Fly Platform and the foreland basin developing in front of the Plio-Pleistocene orogeny

Aiambak prospect is not as large as Alligator, but its reservoir objective is at a comparable depth to gas tested in Lake Murray 1 in 1973. It is attractive as a potential LNG target because:

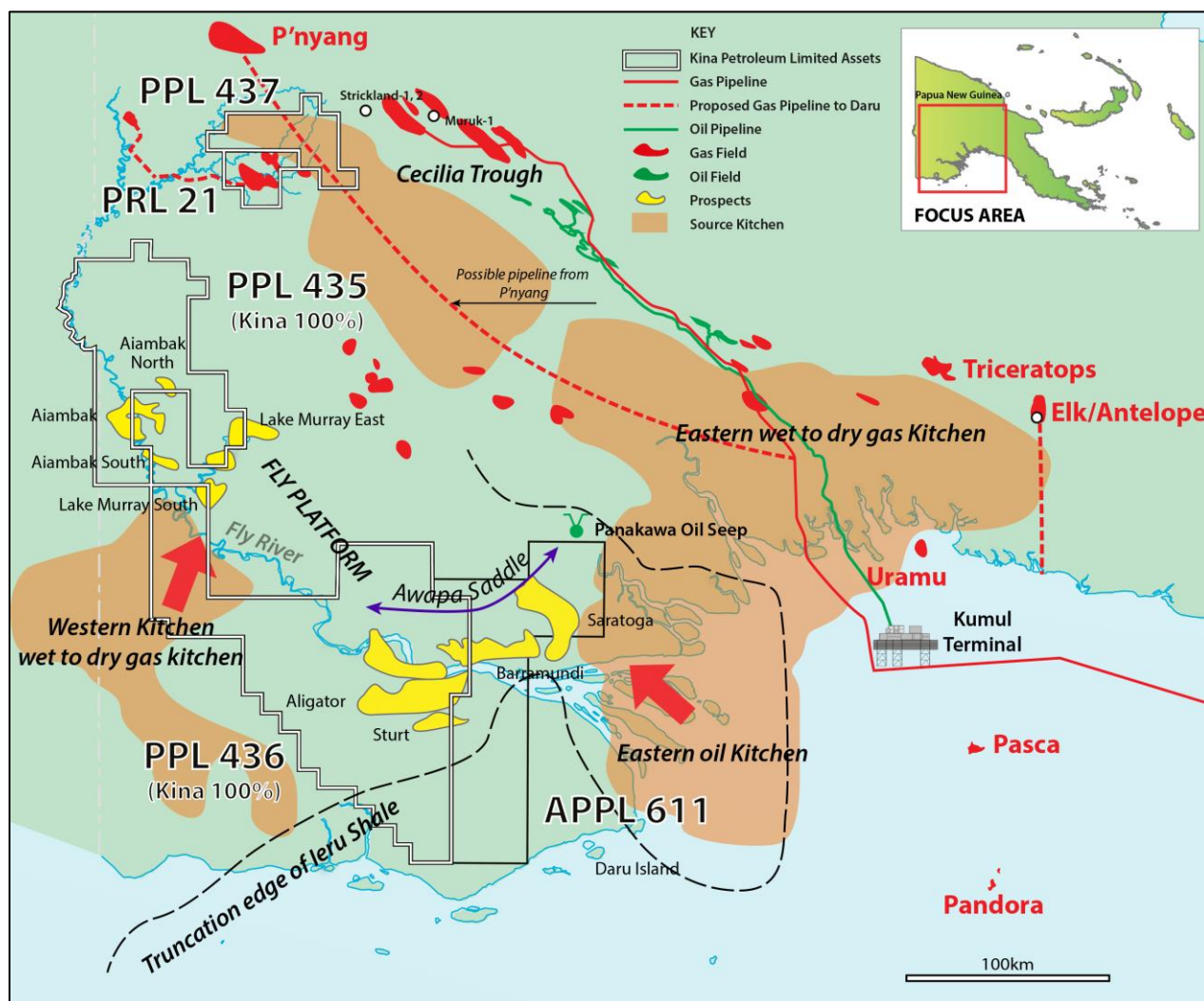
- It is up dip of good reservoir intersected in Lake Murray 2 and has potentially more than 1 reservoir and sealing unit present;
- Seismic data quality is good and coverage is reasonable; and
- It is located very close to the port of Aiambak where benign terrain and ease of access provide favourable development economics in the event of success.

Seismic costs remain a challenge because the proposed seismic survey crosses the Fly River. Kina is currently investigating potential cost reductions using node technology.

Kina is in active discussion with companies in respect of its farm out proposal

Map of PPL 435 & 436 Licence Area

(showing proximity to forelands, discovered Western Province resources and key geological features)



PPL 437 (KPL Interest: 57.5%)

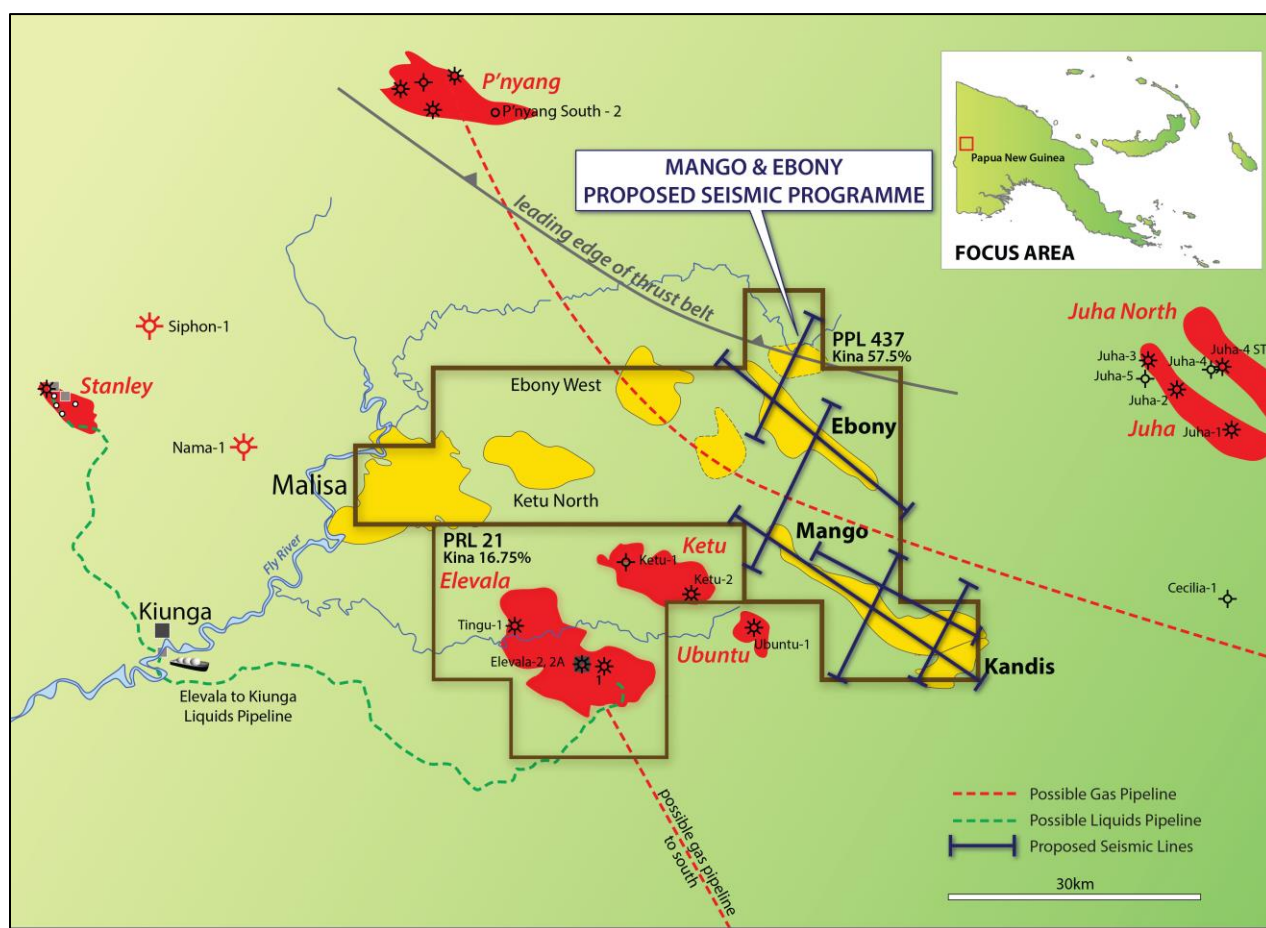
PPL 437 is located in Western Province, immediately north of PRL 21 (Ketu-Elevala) and south of Hides, Muruk, Juha and P'nyang.

As mentioned in the PRL 21 section of this report, Kina is committed to early development of the liquids contained in the Elevala and Ketu fields. Kina believes in the longer term value of the gas in this region of Western Province, which has obviously been enhanced by the recently successful drilling of the P'nyang South 2 well, which is very close to PPL 437. A future gas export pipeline from P'nyang will most probably run through PPL 437 which will enhance the prospectivity of the licence.

However due to proximity to EKT in PRL 21 Kina and Heritage recognise similar liquids and gas potential in the Malisa, Ebony and Mango Prospects. Ebony and Mango Prospects require additional seismic control to confirm their exploration resource potential, and a seismic program over both forms part of Kina's multi-licence prospect farm out effort which was initiated at the PNG Chamber of Mines and Petroleum Conference held in Port Moresby in November, 2017.

Mango is drill ready, and subject to commercialisation of hydrocarbons in PRL 21, it will have considerable attraction as a future liquids development candidate.

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



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Kina Petroleum Limited

ABN

30 151 201 704

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(241)	(241)
(b) development	-	-
(c) production	-	-
(d) staff costs	(123)	(123)
(e) administration and corporate costs	(233)	(233)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(596)	(596)

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

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

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,933	8,933
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(596)	(596)
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	(16)	(16)
4.6	Cash and cash equivalents at end of period	8,321	8,321

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	8,321	8,933
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)	8,321	8,933

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

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

Current quarter \$US'000
36
-

Non-Executive Directors Fees

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

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

9.	Estimated cash outflows for next quarter	\$US'000
9.1	Exploration and evaluation	740
9.2	Development	-
9.3	Production	-
9.4	Staff costs	120
9.5	Administration and corporate costs	250
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	1,110

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	-	-	-	-

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:

(Director)

Date: 30 April 2018

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.