



A Company registered in Papua New Guinea
Company Number: 1-63551
ARBN: 151 201 704

30 October, 2015

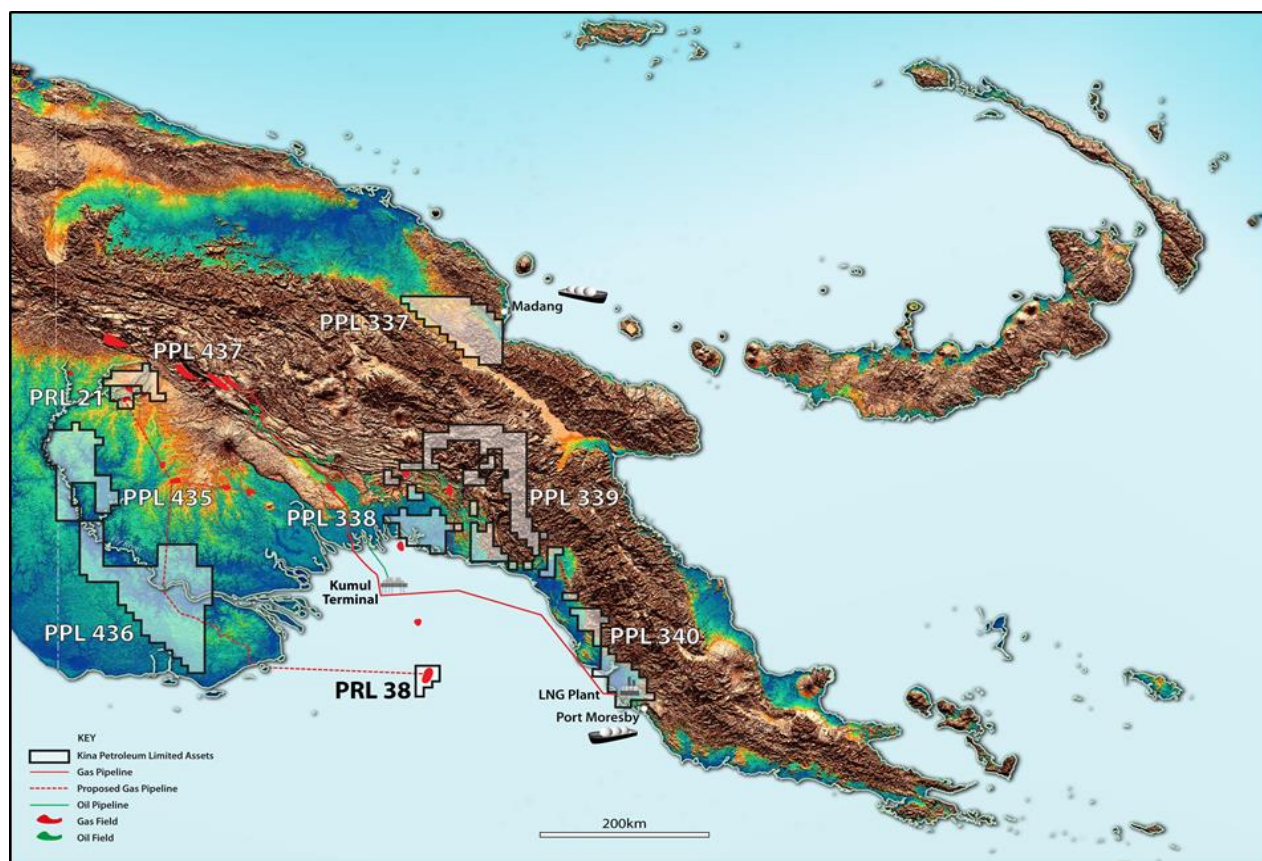
QUARTERLY ACTIVITIES REPORT FOR THE PERIOD: 1st July, 2015 to 30th September, 2015

Summary for the Quarter

- **PRL 21** – notwithstanding the present oil price, environmental and social mapping/landowner identification studies were progressed, whilst development options – including a combined liquids/gas option – were further evaluated to optimise field economics.
- **PRL 38** – KPL and its JV partners continue to evaluate potential for combined Western Province development options that include Pandora.
- **PPL 337** – Post-drilling interpretation of the Raintree and Kwila wells took place during the quarter, aimed at explaining the gas shows encountered at Raintree and the seismic-based hydrocarbon indicator at Kwila. Banam Anticline remains as a large untested gas prospect.
- **PPL 437** – Prospect analysis of the Malisa South structure is proceeding ahead of integration of economic and risk evaluation data with PRL 21 information. Mango, Kandis and Ebony have been upgraded for further work;
- **PPL 338** – InterOil's Triceratops 3 well, 3km from the PPL 338 border, flowed gas at 17.1 mmscf/d thus high-grading KPL's Triceratops and Triceratops West prospects. Crocodile and Mangrove remain promising based on the recently completed seismic reprocessing program.
- **PPL 339** – The interpretation of reprocessed seismic data and recent fieldwork provide confidence that carbonates of an equivalent age as the Elk/Antelope reservoir are present in southern PPL 339. Early planning for the proposed Kalangar well has also commenced.

- **PPL 340** - Field studies during the quarter have high-graded limestone reefs near the Port Moresby Lead. Interpretation of reprocessed seismic data from PPL 340 has high-graded Lizard Prospect, up-dip of Wahoo-1 which intersected thermogenic gas. PPL 340 is the next farmout project for Kina.
- **PPL 435 & 436** - A seismic reprocessing program of available vintage data has commenced; Processing has focussed on the Aiambak & Lake Murray East leads in PPL435, and Dalbert & Sturt leads in PPL 436. Initial results look promising.

Map of KPL's licence areas



Kina Petroleum Limited (ASX: "KPL") has working interests in the petroleum retention licences PRL 21 and PRL 38 and in seven exploration licences (PPLs) across PNG.

KPL's portfolio spans the mainland of PNG from PPL 435 in the west to PPL 340 in the east and PPL337 in the north. KPL has an excellent data base and proprietary knowledge. Company board and management have a broad and deep experience in country and a good understanding of the geology, structural architecture and prospectivity of PNG. This regional knowledge positions KPL well to capitalise on opportunities as they are presented in this current period of low oil prices.

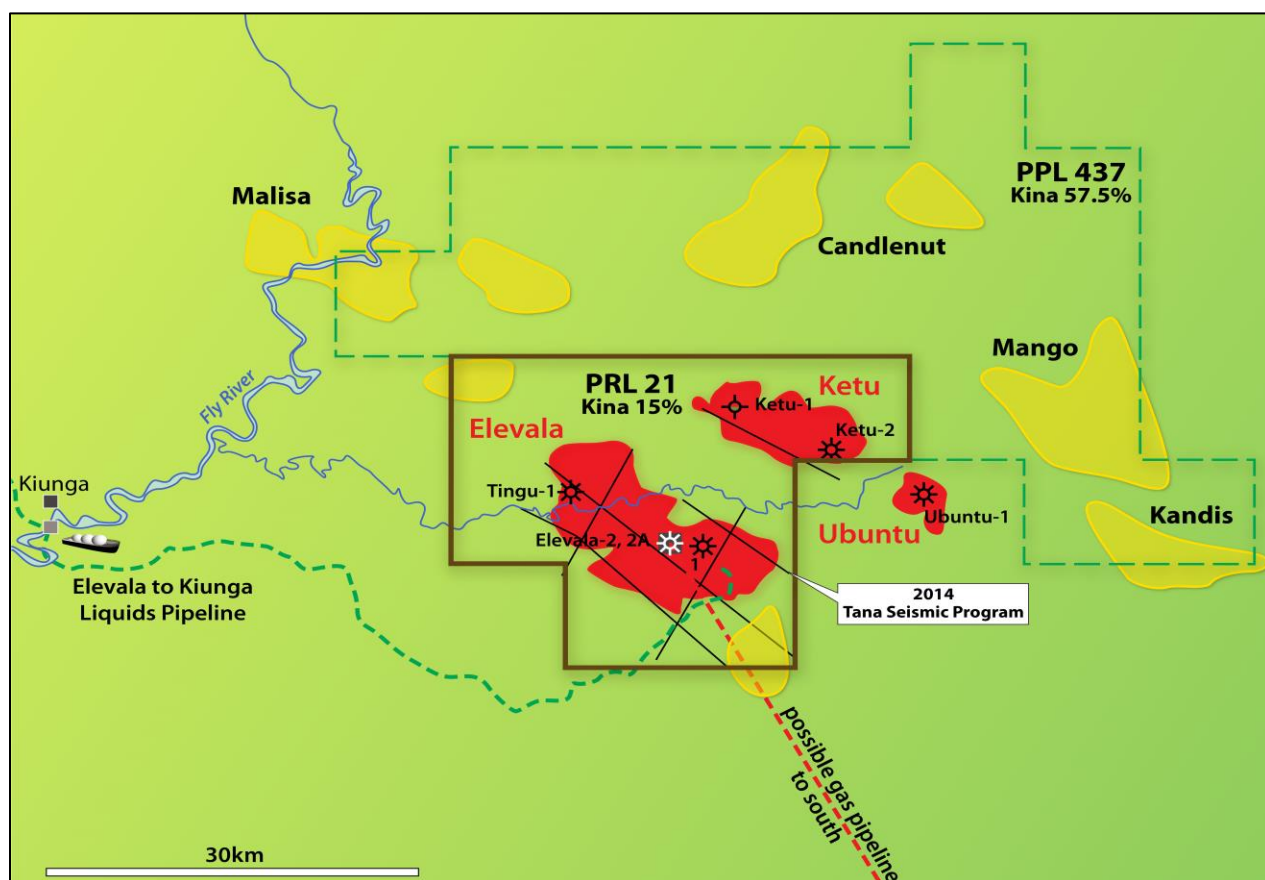
KPL has no exposure to major capital demands in the short term. KPL agrees with the prevailing consensus that oil and gas prices will remain low in 2015 but build through 2016/17. KPL is addressing its development and exploration opportunities in view of this pricing scenario. The company will continue its operating focus on maintaining a low cost structure and remaining an efficient operator.

With the completion of the initial licence term for PPLs 337, 338, 339 & 340, the company has submitted to the PNG Department of Petroleum and Energy customary extensions for these licences.

PRL 21 (KPL interest 15%)

Activity in PRL 21 focussed on further potential cost savings, development options and commercial analysis ahead of a Final Investment Decision (FID) on any development plan. With the continuing low oil price, the ongoing focus has been on capex reduction, refining and optimising the engineering design and improving cost estimate certainty to enhance the project economics. Key interactions with government and landowner representatives allowed the progression of Environmental and other studies.

Map of PRL 21 licence area

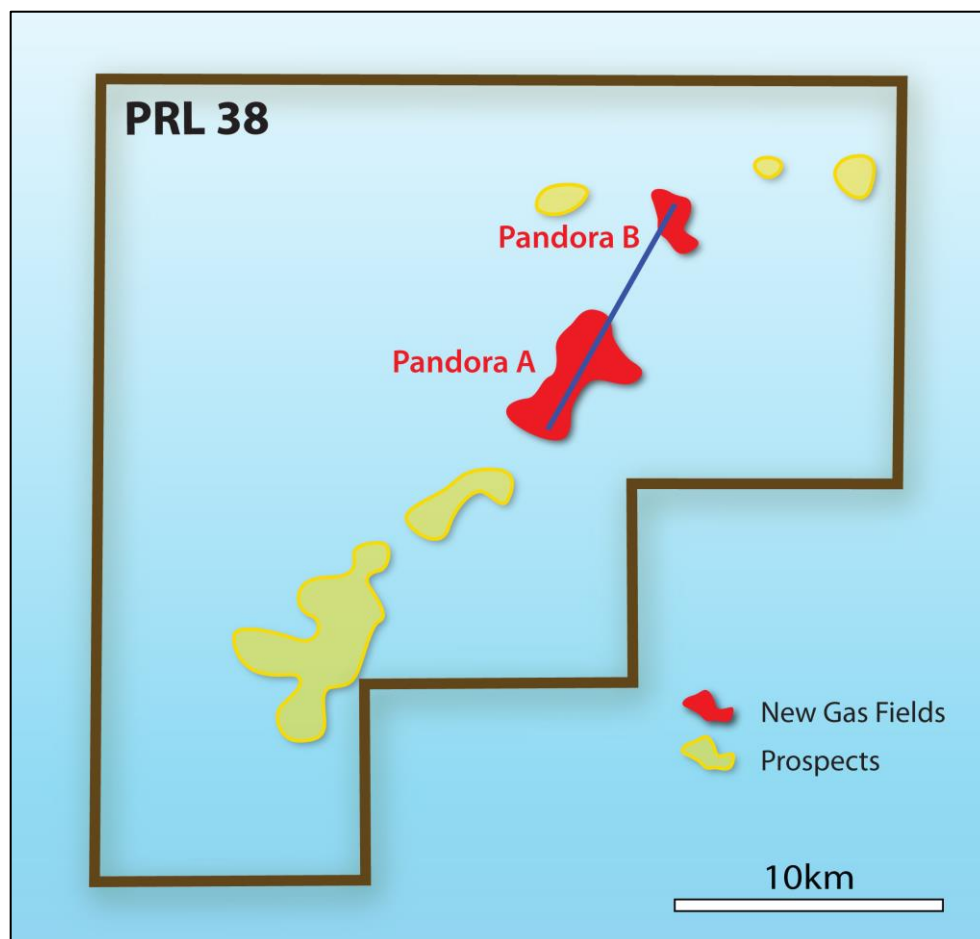


PRL 38 (KPL Interest: 25%)

KPL has a 25% share of PRL 38, with the JV partners being Repsol (25%), Santos (10%), and Cott Oil and Gas (40%).

PRL 38 is located offshore Gulf of Papua and incorporates the Pandora A and B reef gas discoveries. There are also prospective structures between and beyond the A and B reefs. Kina believes this significant gas resource has future potential in an aggregated development with Western Province gas developments. KPL is reviewing a variety of potential development options for this gas.

Map of PRL 38 Licence Area



PPL 337 (KPL Interest: 90%)

KPL was carried by Heritage Oil (HER) through an uncapped, two-well drilling program in PPL 337 which was completed in late July 2015. This activity was a significant milestone for KPL for two reasons. It was

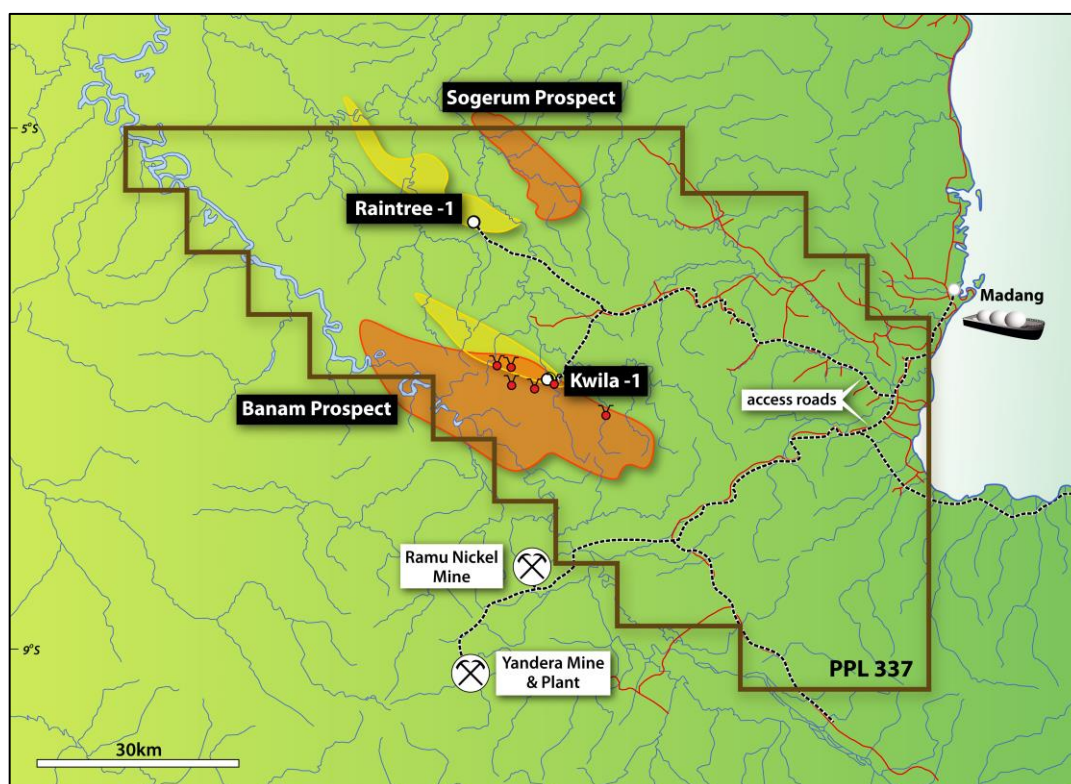
the first exploration drilling undertaken on KPL acreage outside of PRL 21, and the Raintree and Kwila wells are the first drilling activity in the North New Guinea Basin in over 20 years.

Raintree-1 well was drilled and logged to a depth of 1150m while the Kwila-1 well was drilled and logged to a depth of 1000m. Raintree-1 did not intersect a reservoir. Kwila-1 did intersect a reservoir but hydrocarbons were not present. Both wells were plugged and abandoned.

KPL undertook Post-well analysis and interpretation of both wells in September. The significant gas shows in Raintree 1 and prolific gas seeps on the northern flank of the Banam Anticline give KPL confidence that gas generation is taking place within the basin. KPL intends to take information learnt from these wells to advance the play concepts and high grade the remaining prospects in the licence.

Completion of the drilling program entitled HER to acquire a further 60% participating interest in, and operatorship of, PPL 337. HER, however, have indicated their intent to withdraw from the licence which will result in its existing 10% participating interest reverting to KPL (subject to government approval).

Map of PPL 337 Licence Area



PPL 338 (KPL Interest: 100%)

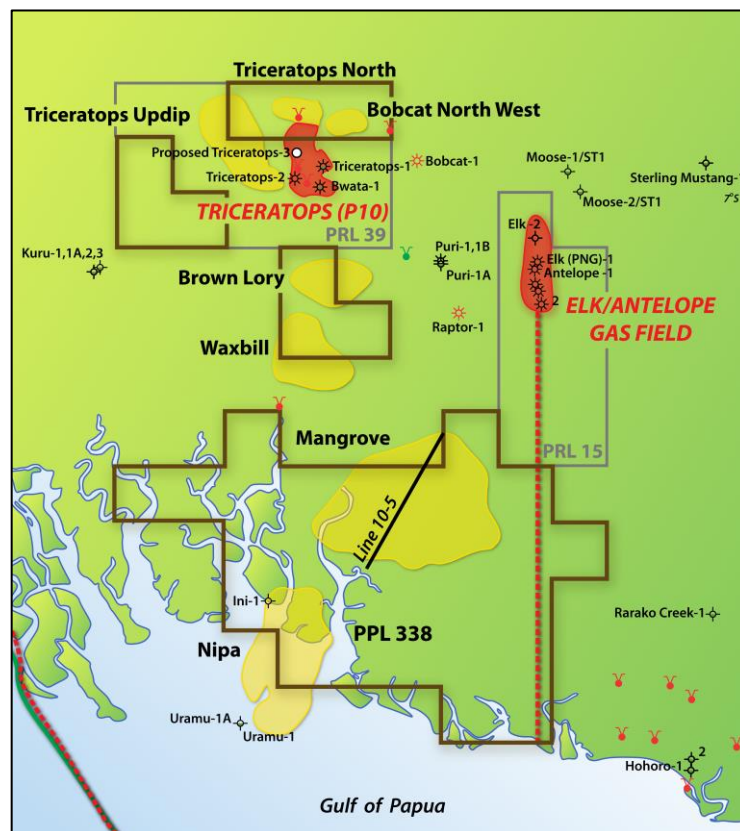
PPL 338 is located in the eastern Papuan Basin, to the west and south of the Elk-Antelope gas field in PRL 15. KPL has undertaken a seismic reprocessing program of approximately 788 line km on the license, which was close to completion at the end of the quarter. Reprocessed data from numerous programs and vintages are now being interpreted to high-grade proposed drilling locations.

Kina interprets a significant prospect at Greater Triceratops in northern PPL 338 that is up-dip and along trend from InterOil's Triceratops discovery and Bobcat-1 well. InterOil's Triceratops-3 well was successfully drilled only three kilometres from the PPL 338 boundary. Initial reports released by InterOil support Kina's preliminary interpretation that the known Triceratops structure extends into PPL 338.

In the south of PPL 338, KPL recognises two very large and discrete prospects: Mangrove and Crocodile, each now mapped with a discrete structural closure. A smaller prospect at Nipa has a discrete closure between Mangrove to the north and the Uramu gas field to the south. At the date of this report, re-appraisal of the southern part of PPL 338 including Mangrove & Crocodile has commenced.

KPL has commenced planning a multi-well program for PPLs 338, 339 and 340 using a rig similar to that recently deployed in PPL 337.

Map of PPL 338 Licence Area



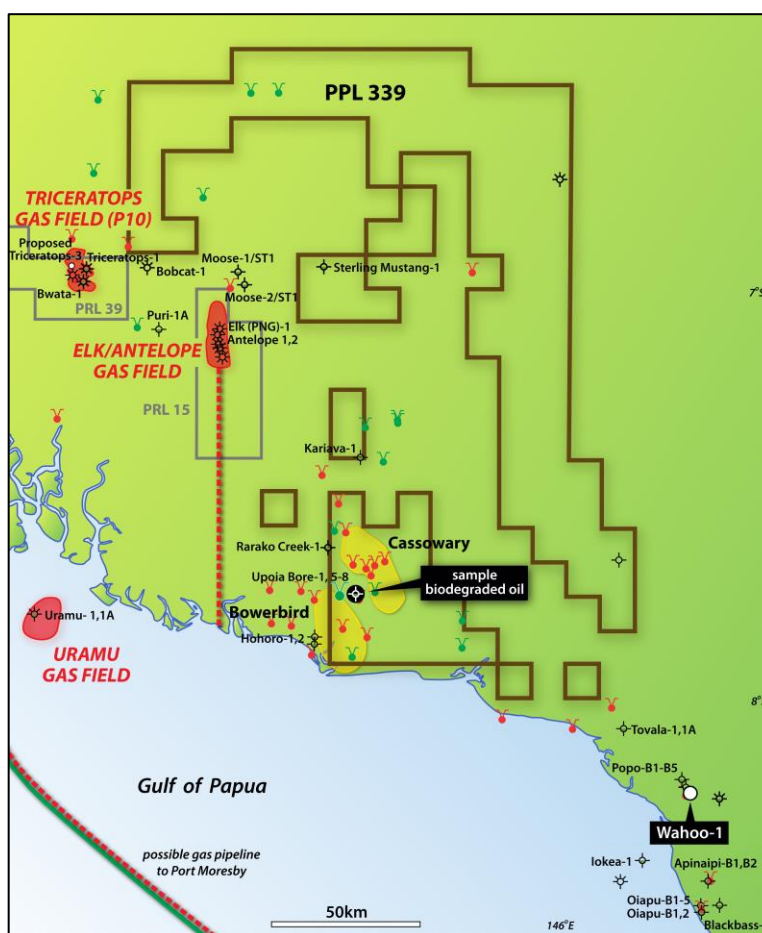
PPL 339 (KPL Interest: 100%, subject to farmout arrangements with Oil Search Limited ("Oil Search"))

PPL 339 is located in the eastern Papuan Basin, south and east of Elk-Antelope.

During the previous quarter, Oil Search exercised an option to participate in PPL 339 and - subject to government approval - will acquire a 70% participating interest in and operatorship of the licence. KPL's retained participating equity will be 30%. In consideration for the acquisition of this participating interest, Oil Search will undertake a drilling program within the licence, partially funding KPL through that program. The proposed Kalangar well is scheduled for late 2016/early 2017.

During the quarter, KPL reprocessed approximately 80 line km of vintage seismic within PPL 339. This data was reprocessed in conjunction with PPL 338 data to high-grade proposed drilling locations. As the proposed targets within PPL 339 are relatively shallow (less than 1500m depth), discussions have commenced with Oil Search relating to a multi-well program utilising a rig similar to the slim-hole rig recently working in PPL 337.

Map of PPL 339 licence area



PPL 340 (KPL Interest: 100%)

PPL 340 is in the eastern Papuan Basin, located north from Port Moresby in several blocks.

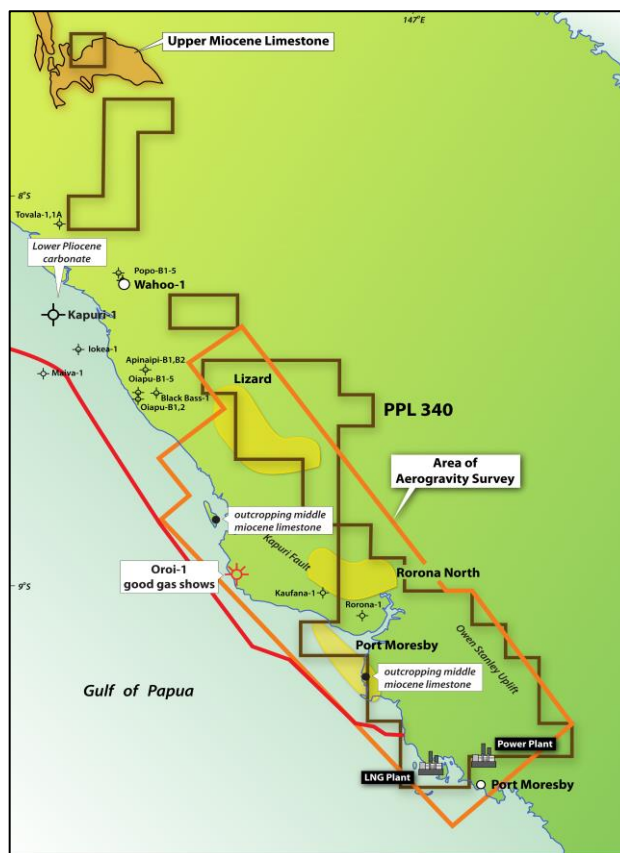
Interpretation of a 2014 aerogravity and aeromagnetic survey over PPL 340 has high-graded two structural leads within PPL 340: Port Moresby and Lizard. KPL has commenced planning a multi-well program for PPLs 338, 339 and 340 using a rig similar to that recently deployed in PPL 337. KPL has also progressed farm-in discussions with several parties for PPL 340

The photo below shows the Redscar headland – scouted in a field trip during the quarter – which is the location of the Port Moresby gravity and magnetic lead .



Fluid inclusion analysis of the Barune sandstone outcrops confirm that oil migration has occurred and this high-grades the Barune Sand in the Port Moresby Prospect as an oil target. As part of the field trip to the Port Moresby prospect area, KPL was able to establish the viability of nodal technology for seismic acquisition over the Port Moresby lead. KPL also hosted a carbonates study trip in PPL 338 and PPL 340 late in the quarter, wherein specialists analysed and sampled Miocene and younger limestone outcrops. These outcrops are believed to be part of the same shelf and reef complex leading up to the Elk/Antelope field. KPL will commence a reprocessing program of available open file seismic data in the last quarter of 2015.

Map of the PPL 340 licence area



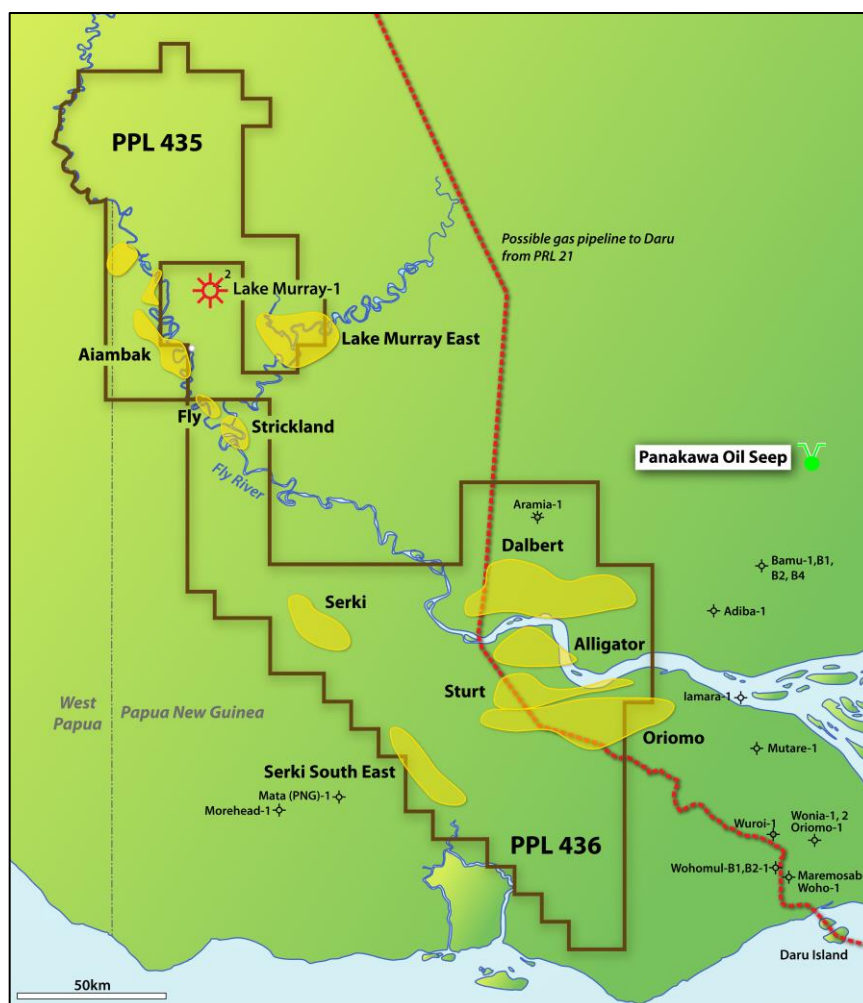
PPL 435 and 436 (KPL Interest: 50% in both licences)

PPL 435 and 436 are two large areas located in the western province, structurally within the Papuan Foreland and both astride the Fly River between the Fly River delta and Lake Murray. Areas of primary interest in these licences remain the Oriomo High containing the the Aiambak and Lake Murray East prospects within PPL 435 and the Dalbert, Alligator, Sturt and Oriomo prospects within PPL 436. Aerogravity and aeromagnetic data show a major change to the west of the Bosavi Lineament. During the quarter Velseis began a major program of reprocessing available vintage seismic data.

The focus of current interpretation is to confirm the stratigraphy and thickness of reservoir sequences at Aiambak, Lake Murray East, Dalbert, Alligator, Sturt and Oriomo in the Oriomo High. KPL believes a viable oil source is present within the structures surrounding the prospect fairway which was defined by KPL's 2014 aerogravity program.

During the quarter, Cott Oil and Gas confirmed its intention to withdraw from the both licences, with their 50% equity to revert to KPL, subject to government approval.

Map of PPL 435 & 436 Licence Areas



PPL 437 (KPL Interest: 57.5%)

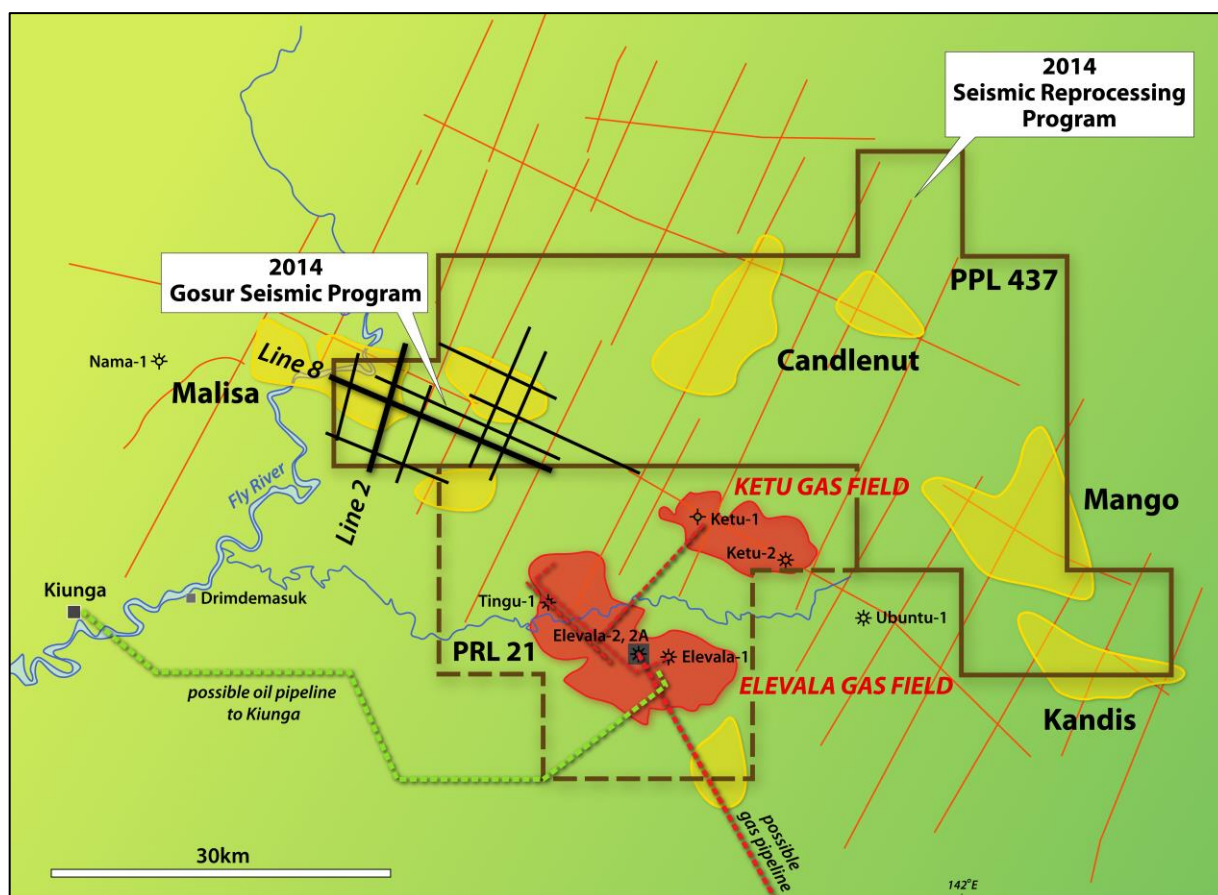
PPL 437 is located in the Western Province of PNG, structurally within the Papuan Foreland and immediately north of PPRL 21 (Ketu-Elevala).

Interpretation of 2014's Gosur seismic program is complete and Malisa South has been confirmed along trend from, and analogous to, the Tingu structure in adjacent PRL 21. Malisa South is the focus for the PPL 437 Joint Venture due to its proximity to the proposed PRL 21 development infrastructure and because of the good quality Elevala and Toro Sandstones intersected in Tingu-1 (PRL 21) in 2013.

Heritage [HER?] have completed pre-drilling and engineering studies for the Malisa Structure, including a scouting expedition to site the proposed location. Heritage and KPL will continue to reprocess open file seismic data in the NE corner of PPL 437 to evaluate additional prospectivity in that part of the licence.

During the quarter, Heritage advised KPL that they would maintain their participating interest at the existing 42.5% rather than exercise their option to acquire an additional 20% participating interest in, and operatorship of the licence. KPL will therefore remain the operator of the licence. The JV is considering exploration options in the light of continued low commodity price environment.

Map of PPL 437 Licence Area



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

KINA PETROLEUM LIMITED

ARBN

151 201 704

Quarter ended ("current quarter")

30 September 2015

COMPANY NO.

1-63551

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter USD \$'000	Year to date (6 months) USD \$'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(455)	(2,803)
	(b) development	-	(1,099)
	(c) production	-	-
	(d) administration	(250)	(922)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	39
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (J/V Operator Fee income)	-	40
	Net Operating Cash Flows	(697)	(4,745)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-

1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (receipt of back costs pursuant to PPL 437 farmin agreement)	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	-	-
1.13	Total operating and investing cash flows (brought forward)	(697)	(4,745)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(697)	(4,745)
1.20	Cash at beginning of quarter/year to date	11,265	15,418
1.21	Exchange rate adjustments to item 1.20	(127)	(232)
1.22	Cash at end of quarter	10,441	10,441

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter
		USD \$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	25
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

These payments represent Non-executive Directors Fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available USD \$'000	Amount used USD \$'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	USD \$'000
4.1 Exploration and evaluation	300
4.2 Development	350

4.3	Production	-
4.4	Administration	300
Total		950

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter USD \$'000	Previous quarter USD \$'000
5.1	Cash on hand and at bank	10,441	11,265
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		10,441	11,265

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	306,898,921	306,898,921		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Release from escrow	-	-	-	-
7.5	+Convertible debt securities (description)	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	1,500,000		Exercise price \$0.50	Expiry date 20 December 2016
7.8	Issued during quarter	Nil	Nil		
7.9	Exercised during quarter	Nil	Nil		

7.10	Expired during quarter	Nil	Nil		
7.11	Performance Shares (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

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

Sign here: Richard Schroder..... Date:30/10/15.....

(Managing 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.