

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



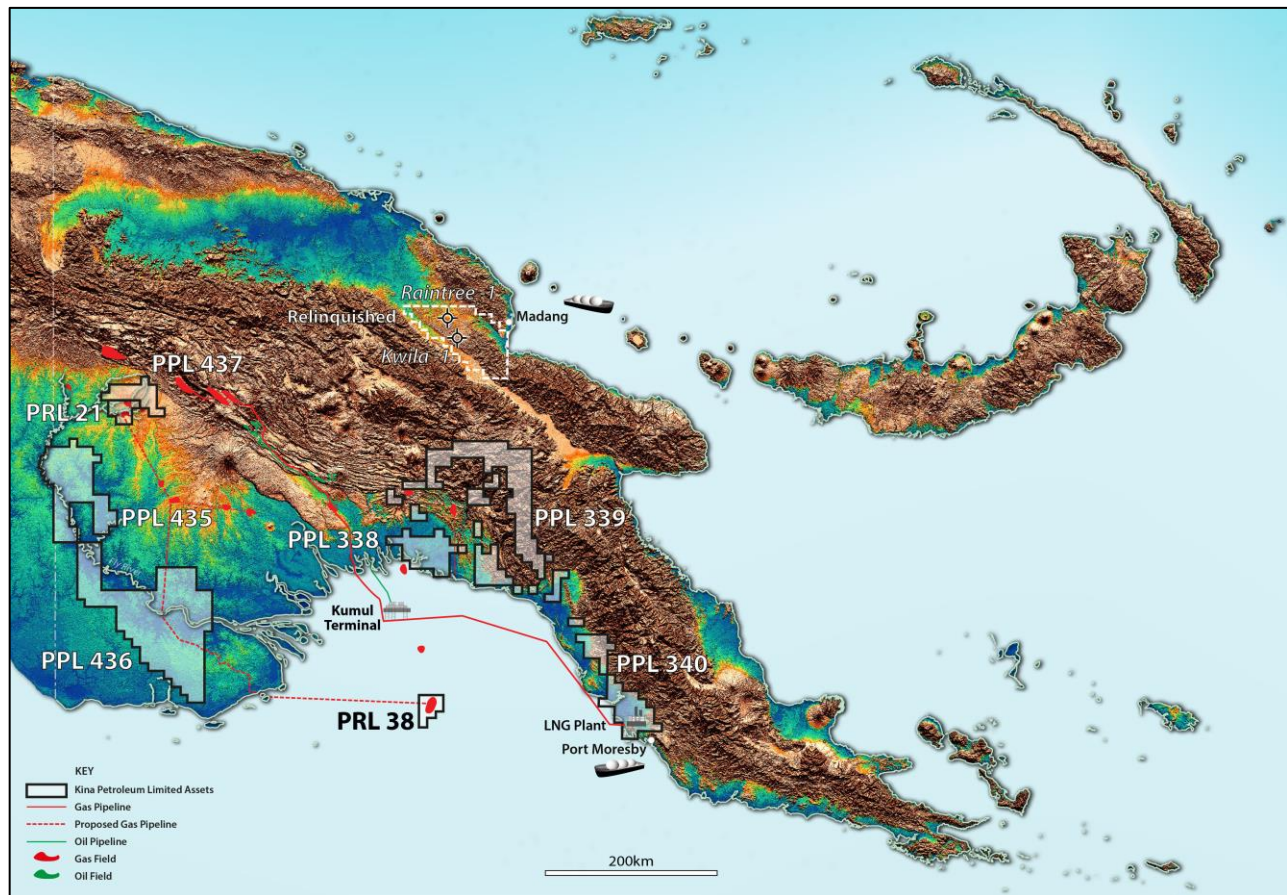
29 July, 2016

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD: 1st April 2016 to 30th June 2016

Summary for the Quarter

- **PRL 21 – Activity during the quarter focused on optimising development and commercialisation options. Mitsubishi withdrew from the Joint Venture with effect from 30 June and Kina’s equity will rise to around 16.5%, subject to negotiations with other Joint Venture parties regarding distribution of Mitsubishi’s interest.**
- **PRL 38 – Effective 30 June Twinza Oil Limited completed purchase of Cott Oil and Gas (PNG) Limited. Kina sees this as a positive step towards a future Gulf Province gas aggregation project. Twinza’s clear development focus will broaden and enhance options for future development of both the Pandora and Pasca gas fields.**
- **PPL 338 – Further to discussions with the Department of Petroleum and Energy, Kina is proceeding with an extension of PPL 338 rather than a “top file” over the previous licence area. The extension area covers all high graded prospects.**
- **PPL 339- Oil Search (PNG) Limited, as licence operator of PPL 339, is proceeding with an extension application for the licence covering the key prospects identified to date. Interpretation of Kalangar prospect is complete. Mapping confirms the presence of a large structure at the proposed location and planning for drilling is underway.**
- **PPL 340- Kina has submitted extension documents for the licence. Mapping of the Port Moresby and Lizard prospects is complete with Lizard looking very promising particularly in respect of its proximity to Port Moresby.**
- **PPL 435 & 436 - seismic reprocessing has upgraded five large leads close to the Fly River which offers easy export potential into Port Moresby.**
- **PPL 437 – A seismic program has been proposed over Ebony Mango and Kandis Prospects located in the east of the licence. The program will form part of a farm out process.**

Map of KPL's licence areas



Kina Petroleum Limited (ASX: "KPL") has, at the end of this period, participating interests in Petroleum Retention Licences ("PRLs") 21 and 38 and in six exploration licences (PPLs) across PNG.

KPL in keeping with its policy of not committing funds to high risk activity will look to farm out its funding exposure to material future exploration licence expenditure commitments. As forecast in the last quarter oil and gas prices have remained low and Kina remains focused on assets that clearly demonstrate value to its shareholders.

Interest in the Eastern Papuan Basin remains high with ExxonMobil bidding US\$45 per share for InterOil Limited, which is US\$4.75 more than Oil Search's 20 May 2016 offer of US\$40.25 per share. ExxonMobil's offer values InterOil's acreage – immediately adjacent to Kina's PPLs 338, 339 and 340 - at nearly US\$2.3 billion not including any resource based contingent value rights.

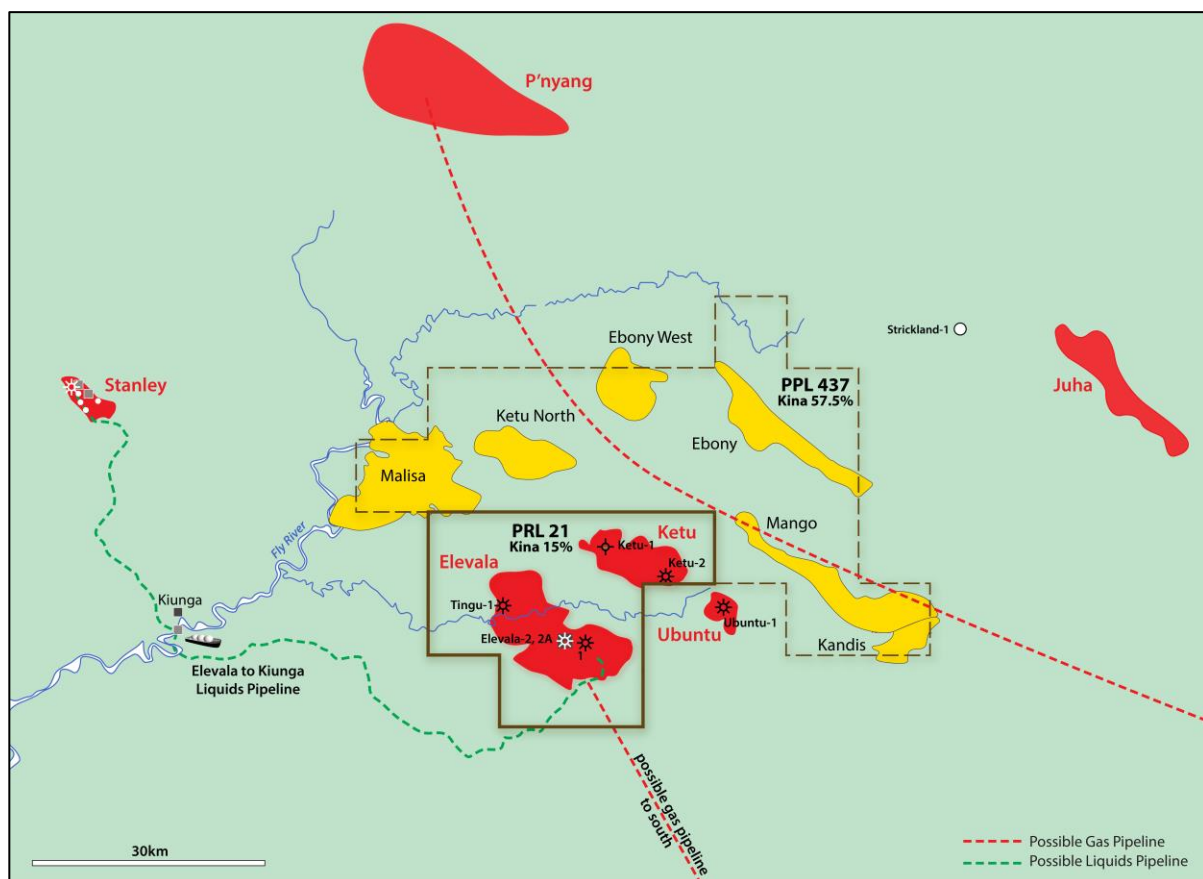
Kina has completed its assessment of PPLs 338, 339 and 340 and recognises significant large structures to the northwest of Triceratops, south west of the giant Antelope field and southeast of Antelope in PPL 339. Whatever the outcome of the InterOil take over there remains very large upside in Kina's licences.

PRL 21 (KPL interest 15%, to increase subject to negotiation of distribution of Mitsubishi interest)

The operator's work throughout the quarter remained focussed on development and commercialisation options. The high liquids ratio of the gas and the very high flow rate potential of the wells make the liquids a significant asset and a focus remains the value of both the liquid, and gas, resources.

Mitsubishi has withdrawn from the PRL 21 joint venture with effect from 30 June. Kina has agreed to take up its pro rata share of their equity and may assume further equity subject to negotiations with remaining partners regarding the distribution of Mitsubishi's 7.5% participating interest. Kina is expected to have a participating interest of around 16.5% in PRL 21.

Map of PRL 21 (and adjacent PPL 437) licence area

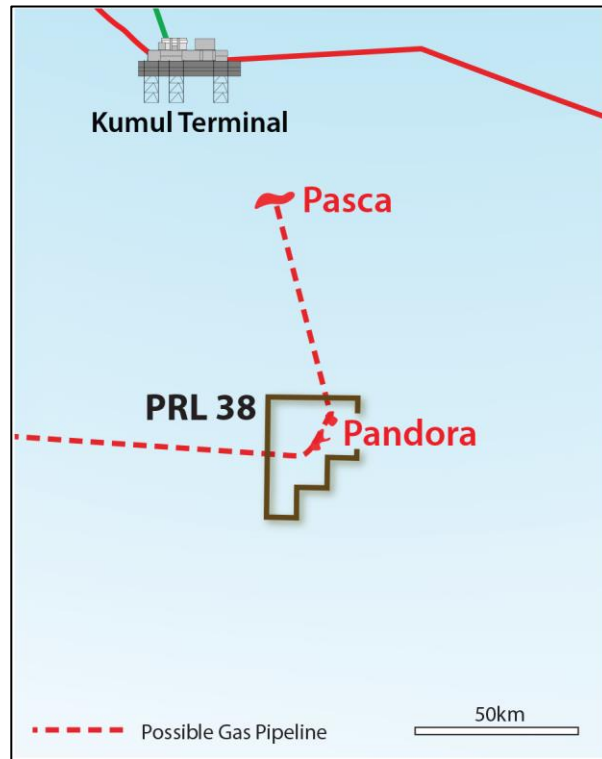


PRL 38 (KPL Interest: 25%)

Twinza Oil Limited completed its acquisition of Cott Oil and Gas' 40% interest in PRL 38, effective 30 June 2016. Kina views Twinza's entry into PRL 38 favourably because Twinza's proposed Pasca A development could present aggregation options for the Pandora gas resource and Kina will look at commercialisation options over the forth coming quarter.

Kina has completed its review of the 2D seismic data and sees remaining exploration potential in the licence. The company is working with the joint venture and the PNG department of Petroleum and Energy to access to the 3D seismic data over the Pandora fields.

PRL 38 Licence Area



PPL 338 (KPL Interest: 100%)

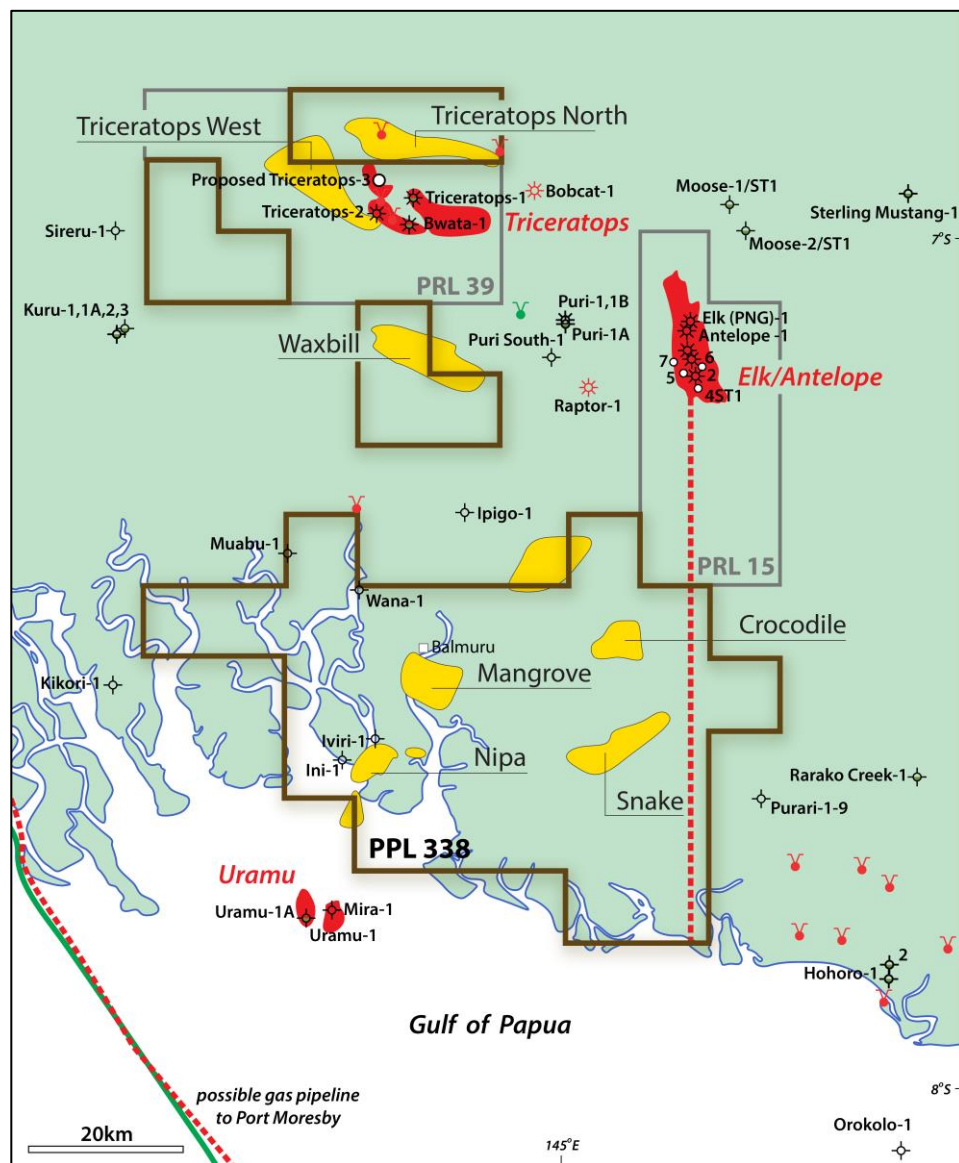
Kina was engaged in discussions with the Department of Petroleum and Energy during the quarter regarding continuation of the licence, and as a result of those discussions has submitted an extension application in respect of PPL 338, with the retained area covering all major recognised prospects and leads close to Antelope, Triceratops and Uramu.

The interpretation of the recently reprocessed seismic data is complete. The interpretation has confirmed Nipa and Mangrove, plus Triceratops West and Triceratops North are the highest ranked prospects in the portfolio. Mangrove and Nipa have been tied to existing well control and the new interpretation adequately explains the successes and failures of previous wells in the surrounding area. Nipa can be demonstrated to be up dip from Ini 1, spilling to the south towards Uramu. Mangrove is at a similar depth to Nipa but lies on a different spill chain from the east. Crocodile is located down dip from Mangrove approximately half way between Antelope and Mangrove. The Nipa and Mangrove prospects close off larger areas than Uramu with the area of closure at Mangrove approaching that of Antelope.

Triceratops North and Triceratops West remain highly prospective. Both prospects have a mapped closure equivalent to Triceratops and Triceratops North may share a common gas water contact with the Triceratops 3 well drilled only 3.2 km from PPL 338.

Kina is preparing potential prospective resource numbers for the prospect inventory and once finalised will undertake a farmout effort comprising seismic acquisition and a number of wells.

Map of PPL 338 Licence Area



PPL 339 (KPL Interest: 30%)

PPL 339 is located in the eastern Papuan Basin, approximately 50km south and east of Antelope. The PPL 339 extension process is being managed by licence Operator Oil Search (PNG) Limited in consultation with the PNG Department of Petroleum and Energy.

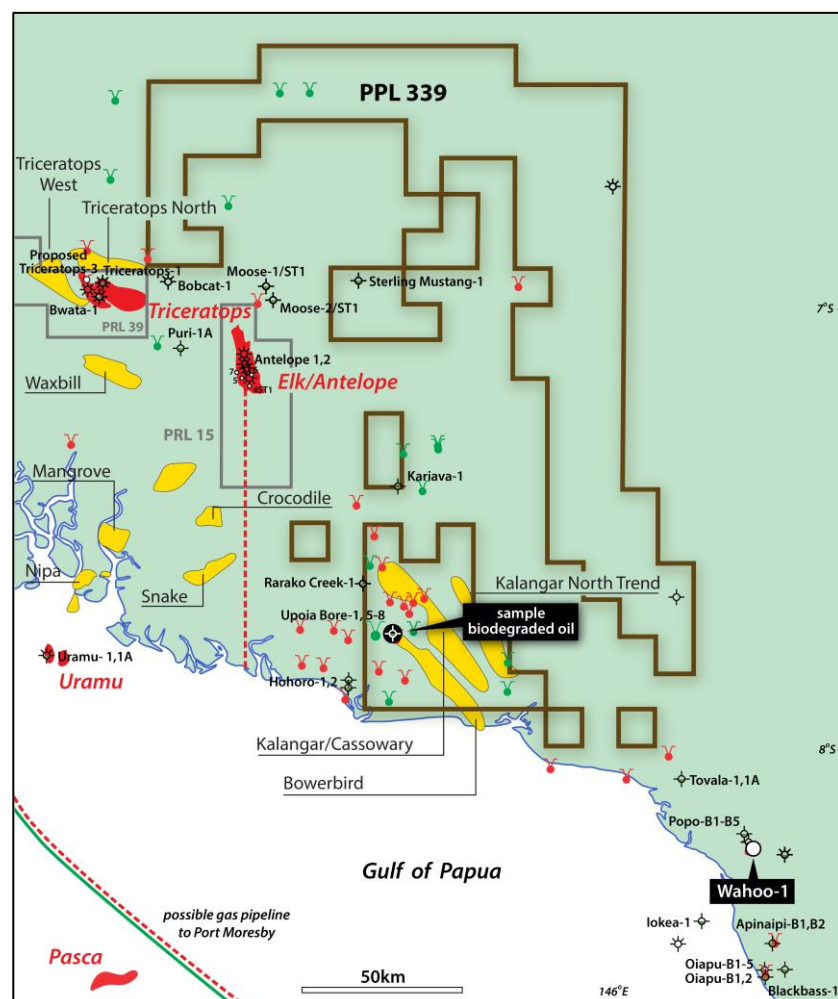
Since the last quarterly report Kina has completed its own interpretation of the reprocessed and open file seismic in and adjacent to PPL 339. The focus has been on the Kalangar Prospect which is located in the eastern portion of PPL 339, approximately 80km southeast and along trend from Antelope. Like Antelope, Kalangar is located on an up thrust fault block at the south western margin of the Aure Trough. Gravity gradiometry and seismic data are interpreted to show that the Kalangar Prospect is located on a prominent structural high which is acting as a focus for present day migration of hydrocarbons as is evidenced by the numerous oil and gas seeps west of Kalangar.

The JV partners have independently reprocessed the seismic lines within PPL 339 and each of these has highlighted the structure at Kalangar. All versions of the reprocessing demonstrate a large uplifted feature but assessment of the depth to top reservoir and the nature of the reservoir remains interpretive.

Whilst along trend from Antelope, Kina continues to evaluate the risk associated with the prospect. Kina is presently carried for approximately half of its share the cost of the first well, currently in the planning phase with a spud expected in 2017, and may seek to farmout part of its interest.

Cassowary and Bowerbird remain prospective and are on the Kalangar trend and provide good follow up potential in the event of success at Kalangar.

Map of PPL 339 licence area



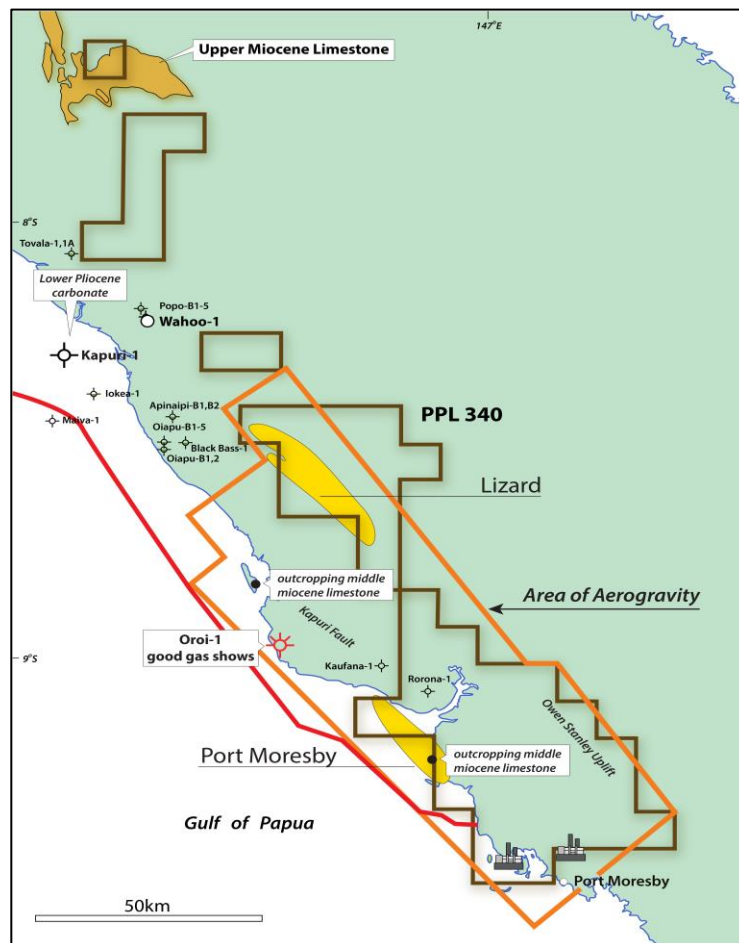
PPL 340 (KPL Interest: 100%)

PPL 340 is in the eastern Papuan Basin, located north from Port Moresby in several blocks. An extension application for PPL 340 has been submitted to the DPE and is awaiting determination.

Permit-wide mapping has been completed and has upgraded the Lizard Prospect. Lizard is one of the largest prospects within Kina's portfolio but size alone does not make it commercially attractive. In the past structural uncertainty and source rock presence were considered very high risk. Integration of the PPL 340 gravity and seismic data from within the permit with analogue control from reprocessed data out of PPL 338 has reduced the structural uncertainty and given Kina greater confidence in the structural interpretation. The mapped area of closure is 256 square km with vertical closure potentially 700m. Depth to carbonate objective is 780m and the prospect is road accessible.

In the past, Kina has stated that it believed the most likely charge was biogenic gas. However reported thermogenic shows in Wahoo 1 and the flow of thermogenically generated gas in Tovala 1 has high graded the source and charge attributes of Lizard. Tovala 1 was drilled in the Lakekamu embayment which the revised interpretation suggests wraps around the north side of Lizard providing a themogenic charge mechanism into the Prospect.

Map of PPL 340 licence area



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

PPL 435 and 436 are two large blocks located in the Western Province, structurally within the Papuan Foreland and both astride the Fly River between the Fly River delta and Lake Murray offering good export potential for liquids.

Interpretation of the reprocessed seismic data will occur on completion of the work effort currently focussed on the PPL 338, 339 and 340 licences in the Gulf area. Regional seismic data is being carried into the PPL 435 and 436 and the recently completed reprocessed seismic lines are being integrated with the merged gravity and magnetic data sets. The regional architecture is becoming more apparent and is confirming good structure for prospect development in both licences very close to if not underlying the Fly River.

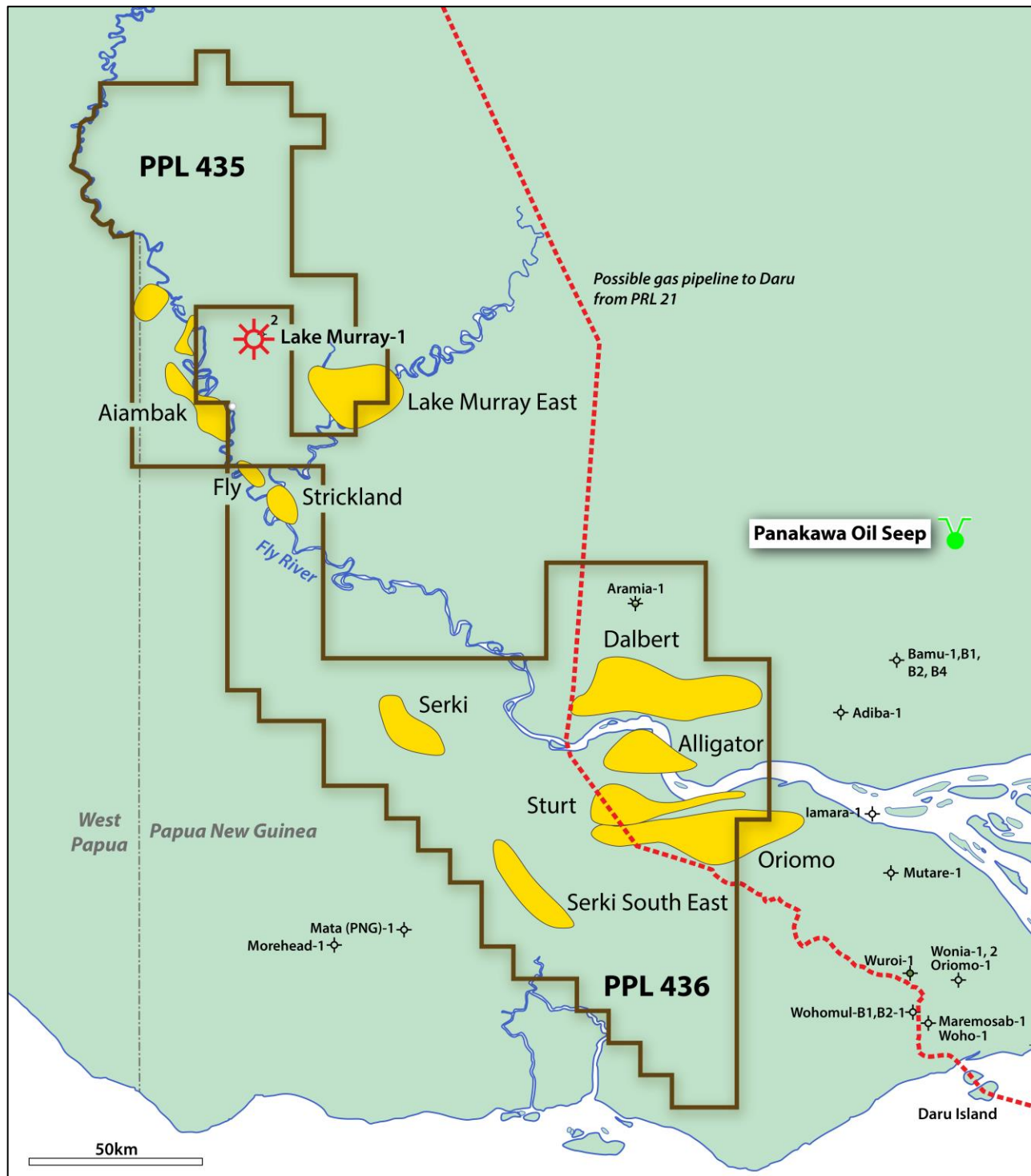
As stated in the last quarterly report presence of reservoir and source rocks are now considered low risk for the licences. The 1973 Lake Murray 1 well, the recent Manta 1 well and the Panakawa oil seep confirm migration of hydrocarbons into the southern Papuan Basin. Furthermore the regional interpretation is providing evidence for extension of early Jurassic potentially source rich rocks along the southern margin of the Basin which further improves the case for generation of hydrocarbons.

Recognised leads are large and close to potential export infrastructure to Port Moresby with leads in PPL 436 only 2 days steaming to the Puma refinery. Drilling and development costs will be very much less than the fold belt or the Kiunga hinterland area.

Interpretation of the seismic data will be finalised over the forthcoming quarter with a view to planning a seismic survey for 2017. Seismic acquisition costs will also be cheaper than elsewhere in PNG. It is Kina's intention to farm out the forward work program.

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

Map of PPL 435 & 436 licence areas



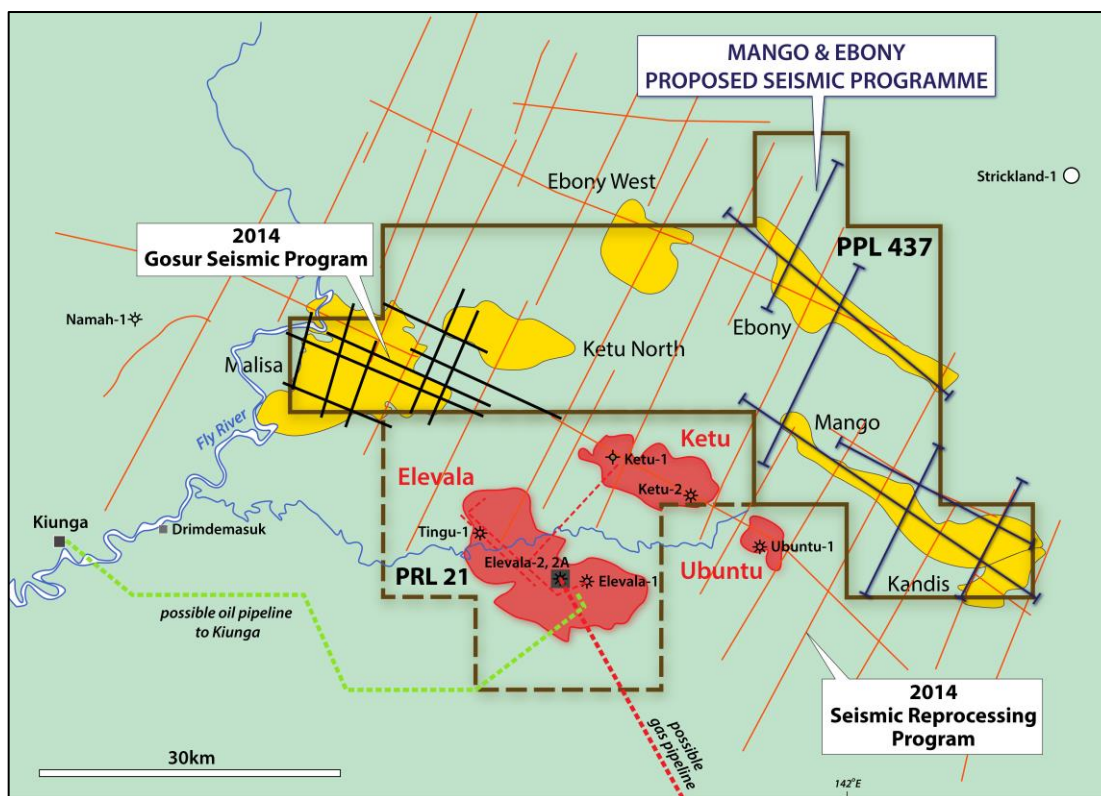
PPL 437 (KPL Interest: 57.5%)

PPL 437 is located in the Western Province of PNG, immediately north of PRL 21 (Ketu-Elevala). As stated last quarter, interpretation and depth conversion recent seismic data set is complete with Malisa remaining a drill ready target along trend from Elevala. Unfortunately the prospect is shared with neighbouring PPL 259 and drilling of Malisa will take place once a multi-well program has been developed and a contribution agreed with our neighbours.

The remaining large features in the east of PPL 437 require additional seismic acquisition. A program of 150km has been prepared and is now being actively farmed out, jointly with partner Heritage Oil and Gas Limited.

The Ebony and Mango Leads offer large wet gas potential and lie under the proposed ExxonMobil pipeline to Port Moresby. Ebony is a Ketu lookalike and Mango has strong similarity to Elevala. The prospects are proximal to P'nyang, Juha, Elevala and Ketu and lie within the active hydrocarbon generative kitchen charging these fields. Reservoir, charge and seal are considered low risk- only structural integrity requires confirmation. Seismic is expected to be acquired in 2017 as part of a multi-licence program.

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 June 2016

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	(502)	(884)
	(b) development	(113)	(297)
	(c) production	-	-
	(d) administration	(195)	(554)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (J/V Operator Fee income)	-	-
	Net Operating Cash Flows	(809)	(1,732)
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	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	-	-
1.13	Total operating and investing cash flows (brought forward)	(809)	(1,732)
	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	(809)	(1,732)
1.20	Cash at beginning of quarter/year to date	9,412	10,343
1.21	Exchange rate adjustments to item 1.20	(24)	(32)
1.22	Cash at end of quarter	8,579	8,579

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	19
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	450
4.2 Development	200

4.3	Production	-
4.4	Administration	250
Total		900

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	8,579	9,412
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		8,579	9,412

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)	Nil	Nil		
7.8	Issued during quarter	Nil	Nil		

7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter				
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:29/7/16.....

(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.