



ASX ANNOUNCEMENT (ASX: KPE) 29 May 2019

Chairman's Address to 2019 Annual General Meeting

Chairman's Introduction

On behalf of the Directors of Kina Petroleum Limited, I am pleased to present our Annual Report for the 2018 financial year and to welcome you to the 2019 Annual General Meeting of the Company.

At today's meeting I propose to give a brief Chairman's address going over some of the highlights for 2018 and into 2019. We will then move to the formal business of the meeting, after which I intend to close the formal meeting and Mr. Richard Schroder our Managing Director will be available to talk in more detail about the company's assets.

Report on 2018 Activity, PNG and the Industry Outlook

Kina Petroleum Ltd ("Kina", "KPL" or "the Company") was formed in 2009 to participate in the exploration and acquisition of oil and gas assets in PNG, and since its float in late 2011, has raised over US\$ 48 million with nearly US\$ 5 million cash on hand at the end of 2018.

Kina has used the year to restructure its assets and obligations to accord with the oil price levels that now face the industry. The process has seen Kina apply for renewal and/or extension of our Western Province holdings and concurrently test a new field exploration technique – soil gas sampling - to rank our prospects in the eastern Papuan Basin. The US\$70+/bbl oil price prevailing at the date of this report is a marked improvement over the situation of preceding years. But current prices are markedly lower than they were a decade ago and in response to this new reality, Kina has cut its costs and investigated new cost-effective technologies to rank and evaluate its prospects.

Kina has a participating interest in Petroleum Retention Licence ("PRL") 21 and in ten exploration Petroleum Prospecting Licences ("PPLs") across PNG. Kina is in discussion with the PNG government about how best to capture the Aiambak and Alligator Prospects, and any extensions of the Alligator prospect.

Brent oil prices dipped briefly below US\$60 per barrel in December 2018 but are now above US\$70 per barrel. At these prices the economics of development of Kina's key prospects, and PRL 21 in particular, are robust and Kina has set in train a process to make the company more attractive to investors to capitalise on this opportunity.

In April 2019, Kina completed its planned redomicile to the British Virgin Islands under a scheme of arrangement by which Kina Petroleum Corporation, a British Virgin Islands company, acquired all of the issued shares in KPL, a Papua New Guinea company. In connection with the redomicile to the BVI, there was a 30:1 consolidation of the stock and was approved in accordance with the requirements of

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the PNG Companies Act 1997 at a shareholder meeting held in Port Moresby on 21 March 2019. The proposal was very well supported by our shareholders with 99.72% of shareholders in support. The securities of Kina Petroleum Limited ('KPL') were suspended from quotation on the ASX as of the close of trading on 4 April 2019, following lodgement of the National Court of Justice of Papua New Guinea orders with the Papua New Guinea Registrar of Companies approving a scheme of arrangement by which Kina Petroleum Corporation, a British Virgin Island entity, would acquire all of the issued shares in KPL. KPE is the new ASX code for Kina Petroleum Corporation, and it was listed on the ASX and POMSx on 15 April 2019.

The re-domicile is the beginning of a process that is intended to provide funding support for the next phase of Kina's development. The goal is to make the company more attractive to a broadened international investor base which will improve the company's access to equity capital for our development and exploration funding requirements, including development of PRL 21 in Western Province.

The 48 million barrels of liquids contained in PRL 21 according to our latest certified assessment, together with potential liquids in prospects in PPL 437, are our primary focus for investment. The liquids are trapped in a reservoir at a depth of approximately 3 kilometres below a relatively benign surface cover of forest with road access from the Fly River.

Furthermore, over the last 3 years Kina has completed its analysis of all the prospects and leads in our portfolio and we have identified some significant prospects in or close to active petroleum provinces. We are assessing the most cost-effective means of high grading these prospects to drillable status and are also improving our options to help fund exploration of the top ranked prospects.

Kina has used the down turn in oil and gas activity to restructure our work program and licence obligations to fit with our strategy for cash flow and then growth going forward. In October last year we completed a pilot soil gas survey over the Lizard prospect in PPL 340. Results were encouraging and a follow up survey is planned weather permitting to confirm the initial outcomes in May 2019. With confirmation of the technology we anticipate it will help reduce the amount of seismic acquisition required to mature our top ranked prospects to drillable status.

In parallel with the assessment of soil gas sampling technique we are engaging with third party seismic and other contractors with a view to mobilising a highly portable seismic crew capable of being deployed with minimal helicopter support within our foreland licences. We view seismic contractors' increasing dependency on helicopter transport as the greatest cost escalator for acquisition of new data, and even though our industry is in a better price environment now than 18 months ago, we are keenly aware of the need to continually improve operational efficiencies. Kina believes that bringing down the high cost of exploration in the relatively benign foreland area will greatly facilitate exploration and development in what is a highly prospective and underexplored active petroleum province.

In April this year, we engaged Mr. Phil Mulacek as Operations Consultant – Upstream and LNG. The appointment of Mr. Mulacek to our team is a very positive development for the

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company and represents the next step in our strategy to develop our existing oil and gas discoveries and further explore our extensive very promising licence areas.

Phil brings a wealth of experience and skills that will further enhance our management team. He will be supported by a highly skilled support staff with intimate knowledge of our PNG assets obtained from our extensive analysis of the prospects and related development options over the last few years.

Existing Projects

The Company's exploration and development projects as at the date of this meeting are set out below.

License	Prospect	Ownership	Operator
PPL 338, 581, 596, 597 & 598	Triceratops Extension / Iviri South	Kina 100%.	Kina
PPL 339	Kalangar	Kina 30%*	Oil Search
PPL 340	Port Moresby and Lizard	Kina 100%	Kina
PPL 435	In progress	Kina 100%	Kina
PPL 436	In progress	Kina 100%	Kina
PPL 437	Malisa South	Kina 57.5% and Heritage 42.5%	Kina
PRL 21	Elevala/Ketu/ Tingu Fields	Kina 16.75%	Horizon Oil Ltd

* Subject to farmout with Santos

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