



ASX ANNOUNCEMENT (ASX: KPE) 28 May 2020

Chairman's Address to 2020 Annual General Meeting

Chairman's Introduction

On behalf of the Directors of Kina Petroleum Corporation, I am pleased to present our Annual Report for the 2019 financial year and to welcome you to the 2020 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 2019 and into 2020. We will then move to the formal business of the meeting, after which Mr. Richard Schroder our Managing Director will be available to talk in more detail about the company's assets. I will then close the meeting.

Report on 2018 Activity, PNG and the Industry Outlook

Our wholly owned subsidiary, Kina Petroleum Limited, 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\$ 1.8 million cash on hand at the end of 2019.

As a result of our restructuring and re-domicile to the BVI in May last year as Kina Petroleum Corporation, we are now well placed to execute our development, growth and exploration plans once oil prices recover and the COVID-19 lockdowns have been relaxed.

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 technology – soil gas geochemistry - to rank our prospects in the eastern Papuan Basin. Current oil prices are markedly lower than they were a decade ago and in response to this new reality, Kina has significantly cut its costs while also investigating new cost-effective technologies to rank and evaluate its prospects.

I would like to take a minute to highlight our near-term efforts to maintain and preserve the company's cash in the face of not only low oil prices, but also COVID-19 and its effects.

- All directors have agreed to a 100% reduction in director fees.

Kina Petroleum Corporation (KPE)

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- The CEO has taken a salary reduction of 20% and is moving to a part-time status. He will continue to work on progressing analysis of our key prospects while we wait for the market to improve.
- The CFO has taken a salary reduction of 10%.
- We will not renew our office lease in Sydney after it expires in July 2020. The CEO and CFO are currently working from home and will continue to do so going forward.
- We have (regrettably) let go our very capable Sydney office manager and are also reducing or eliminating use of outside consultants.

Importantly, the company has no long-term debt, which greatly increases our flexibility to manage our cash flow. Based on our current assumptions and accounting for recently reduced costs, Kina expects to have sufficient cash to continue operations through 1Q 2022. We are keenly aware of our obligations to shareholders to husband our resources in these difficult times, and we continue to look at ways to further reduce costs.

Kina's acreage across PNG

In eastern PNG, Kina is the operator and 100% equity holder of five PPLs, has trialled 2 soil gas geochemistry over a key prospect, and purchased gravity-gradiometry data over its top ranked licences to integrate with legacy data from surrounding licenses.

In western PNG, PRL 21 is our key strategic asset with potential for early cash flow. PRL 21 was awarded in 2011 and has 5 successful intersections of the wet gas reservoir within the licence and confirmation of the gas water contacts. A confirmed 2C resource of 48 million barrels of liquids exists in PRL 21. Kina's goal remains early and rapid commercialisation of the field.

Development Focus

Despite ongoing delays our primary focus remains the development of the 48 million barrels of liquids and 1 TCF of gas from the Elevala and Ketu fields in PRL 21. The recent sale of the Repsol interest in PRL 21 to Arran Energy Niugini Pty Limited will, we believe, be positive for progressing the development. Development of the field will require Kina to tap deeper and more sophisticated capital markets and over the last year Kina has been reviewing options available to the company. To support future fund-raising for this potential project, Kina has completed an independent certification of the resource and a fully costed basis of design for the development.

Advancing our Exploration Potential

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Kina has matured its inventory of prospects and leads integrating all available well, seismic, potential field and non-conventional technologies. Over the year we have completed a full commercial assessment which is being reviewed by an independent consultant.

Uncertain Times

Since the publication of our 2019 Financial Report the socially disruptive implications of the COVID-19 pandemic have continued to emerge. We continue to actively monitor the unprecedented and fast evolving impact of COVID-19 on our business and trading environment. Whilst the well-being of our people is the highest priority we also have a responsibility to our other stakeholders. We anticipate the economic and trading environment will continue to be considerably disrupted by COVID-19 and as such we are working to implement measures to mitigate as much as possible the impacts.

Kina is now developing short to medium term plans and contingencies to address the impacts on our business.

As part of these plans and to preserve as much cash as possible, all non-essential work has been cancelled, and as I mentioned earlier, the board will not be drawing any directors fees and senior executives are taking significant cuts in salary.

Finally, I would like to thank all of the Kina shareholders for their support over the past year and we look forward to continued success over the coming period.

For inquiries please contact:
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Authorisation

This ASX announcement is approved and authorised by the Board

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