

CORPORATE GOVERNANCE STATEMENT

The Company has adopted a comprehensive system of control and accountability as the basis for the administration of corporate governance. The Board is responsible to Shareholders for the overall management of the Company's business and affairs. The Directors' overriding objective is to increase Shareholder value within an appropriate framework, which protects the rights and interests of Shareholders and ensures the Company is properly managed.

The Company's corporate governance principles and policies are structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) with 2014 Amendments ("Principles and Recommendations"), which are as follows:

Recommendation 1	Lay solid foundations for management and oversight;
Recommendation 2	Structure the Board to add value;
Recommendation 3	Act ethically and responsibly;
Recommendation 4	Safeguard integrity in corporate reporting;
Recommendation 5	Make timely and balanced disclosures;
Recommendation 6	Respect the rights of security holders;
Recommendation 7	Recognise and manage risk;
Recommendation 8	Remunerate fairly and responsibly;

There is no prescriptive, legislative approach but instead, ASX listed companies are required to explain why they choose to depart from the Principles and Recommendations. The following policies and procedures have been implemented and are available in full on the Company website at www.kinapetroleum.com:

- Code of Conduct;
- Board Charter;
- Nomination and Remuneration Committee Charter;
- Continuous Disclosure Policy and Communication Strategy;
- Audit and Risk Management Committee Charter;
- Share Trading Policy and
- Diversity Policy

In accordance with recommendations of the ASX, information published on the Company's web site includes charters of the Board and its subcommittees, codes of conduct and other policies and procedures relating to the Board and its responsibilities. To the extent that they are relevant to the organisation, the Company has adopted the eight Corporate Governance Principles and Recommendations. The table below summarises the eight principles and recommendations (P&R) and those recommendations not adopted by the Company.

	ASX P&R ¹	If not, why not ²		ASX P&R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.2	✓	
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 1.4	✓		Recommendation 6.1	✓	
Recommendation 1.5		✓	Recommendation 6.2	✓	
Recommendation 1.6	✓		Recommendation 6.3	✓	
Recommendation 1.7	✓		Recommendation 6.4	✓	
Recommendation 2.1		✓	Recommendation 7.1	✓	
Recommendation 2.2	✓		Recommendation 7.2		✓
Recommendation 2.3	✓		Recommendation 7.3	✓	
Recommendation 2.4		✓	Recommendation 7.4	✓	
Recommendation 2.5	✓		Recommendation 8.1		✓
Recommendation 2.6	✓		Recommendation 8.2	✓	
Recommendation 3.1	✓		Recommendation 8.3	✓	
Recommendation 4.1	✓				

Notes

- 1 Indicates where the Company has followed the Principles and Recommendations.
- 2 Indicates where the Company has provided "if not, why not" disclosure.

CORPORATE GOVERNANCE STATEMENT

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1: A listed entity should disclose (a) the respective roles and responsibilities of its board and management, and (b) those matters expressly reserved to the board and those delegated to management

The Company has adopted a Board Charter, which discloses the specific responsibilities of the Board and a summary of the Company's Board Charter is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

Recommendation 1.2: A listed entity should (a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director, and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company has adopted a Board Charter which deals specifically with Board nominations and appointment of directors.

Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The company has such agreements in place.

Recommendation 1.4: The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The company secretary is accountable to the board through the chair.

Recommendation 1.5: The company should have and disclose a diversity policy, including measurable objectives for achieving gender diversity, its progress towards achieving those objectives and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation.

Notification of Departure from Principles:

Whilst the company has established a diversity policy which is available for review at the company's website www.kinapetroleum.com, incorporating the concept of measurable objectives in respect of the policy, such measurable objectives have not been disclosed.

Explanation for Departure:

Given the phase of the company's development and the current economic environment within the oil and gas industry, the company has no requirement for human resourcing levels beyond the existing key management roles. Accordingly, implementing a diversity policy at this time over such a small workforce is unlikely to be able to be achieved without sacrificing core management skills and accordingly, is viewed as counterproductive and contrary to the best interests of the company.

Recommendation 1.6: The company should (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors, and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company has adopted a Board Charter, which discloses the process by which board evaluation takes place. This is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

Consistent with the levels of activity envisaged in 2019, it is expected that the next formal evaluation of the Board will occur some time in 2020.

Recommendation 1.7: A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives, and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company's Corporate Governance Plan includes a Board Charter which discloses that the Chairman will review the performance of all senior executives on an ongoing basis by way of informal meetings and reporting his findings to the board. This will occur throughout the reporting period, including via discussion with external auditors at meetings of the Audit Committee.

CORPORATE GOVERNANCE STATEMENT

Principle 2 – Structure to the Board to add value

Recommendation 2.1: *The board of a listed entity should have a nomination committee which has at least 3 members, the majority of whom are independent, is chaired by an independent director and disclose the charter of the committee, the members of the committee and the number of times throughout the reporting period that the committee has met.*

If a listed entity does not have a committee, it should disclose that fact and how it deals with matters that would otherwise be considered by a nomination committee.

Notification of Departure from Principles:

The Company has not established a separate Nomination Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a nomination committee.

Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it will operate under the Nomination Committee Charter. The Nomination Committee Charter provides for the Board to meet at least annually and otherwise as required.

Recommendation 2.2: *A listed entity should have and disclose a skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The company's skills matrix is shown in the Board Charter, available on the Company's website www.kinapetroleum.com under the section marked Corporate Governance.

Recommendation 2.3: *A listed entity should disclose (a) the names of the directors considered by the board to be independent, (b) if a director has an interest, position, association or relationship which might otherwise suggest non-independence but the board is of the opinion that it does not compromise the independence of the director, then an explanation of why the board is of that opinion, and (c) the length of service of each director.*

The Directors' report in the Company's Annual Report notes the length of each director's service and whether they are independent. Mr David Vance, despite being a nominee of the company's largest shareholder is considered independent because in discharging his responsibilities as a director he applies an independent frame of mind.

Recommendation 2.4: *A majority of the Board should be Independent Directors*

Notification of Departure from Principles:

The company has five directors, two of which are considered independent.

Explanation for Departure:

The Company's Memorandum and Articles of Association requires that the minimum number of Directors is 3. The Company presently has five Directors consisting of four Non-Executive Directors and one Managing Director.

Mr David Vance, the Company's non-executive Chairman, and Dr Ila Temu, a Non-Executive Director, are considered independent.

Of the other directors, Richard Schroder is the Managing Director of the Company. Barry Tan is no longer a substantial shareholder of the Company but has had a long tenure as a director of Kina Petroleum Limited. Alain Vinson was appointed to the board of Kina Petroleum Limited in September 2017 as a Non-Executive Director but is a substantial shareholder of the Company and former associate of one of the Company's substantial shareholders. These factors aside, the Board believes that Mr Vinson brings an appropriate mix of skills to the Board which (a) complement those already provided by the existing directors, and (b) will assist the next phase of the Company's growth. In making the assessment of whether Mr David Vance is considered to be an Independent Director, the Board had to consider his association with a substantial shareholder of the Company. The Board considers that notwithstanding this association, Mr David Vance applies an independent frame of mind in his role of Non-Executive Director and has therefore classified him as independent.

Recommendation 2.5: *The Chair should be an independent director and in particular should not be the same person as the CEO.*

CORPORATE GOVERNANCE STATEMENT

The Company's Chairman, Mr David Vance, is an independent Non-Executive Director and not the CEO of the company.

Recommendation 2.6: *A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The Board Charter contained within the company's Corporate Governance Plan provides that board members have access to company information as required. New Board members will also be inducted by the Chairman or CEO as appropriate.

Principle 3 – Act Ethically and Responsibly

Recommendation 3.1: Companies should establish a code of conduct for its directors, senior executives and employees and disclose the code or a summary of the code.

The company has adopted a code of conduct which appears in the Corporate Governance Plan available on the company's website www.kinapetroleum.com under the heading Corporate Governance.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1: *The Board should establish an Audit Committee*

Recommendation 4.2: *The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained, the financial statements give a true and fair view and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The Board seeks written assurance from the Managing Director and CFO that systems of risk management and internal control are operating effectively in all material respects in relation to financial reporting, and that, in their opinion, the financial records of the entity have been properly maintained, the financial statements give a true and fair view.

Recommendation 4.3: *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The Company complies with all three recommendations having established an Audit Committee which consists of the three Non-Executive directors, a majority of whom are independent directors, and is chaired by an independent Director who is not the Company Chairman.

The Company has an Audit and Risk Management Committee Charter, a copy of which is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance. The company's auditors attend the AGM and are available to answer questions from security holders.

The Company will provide an explanation of any departure from Principles and Recommendation 4.1, 4.2 or 4.3 (if any) in its future annual reports.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1: *A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the listing rules, and (b) disclose that policy or a summary of it.*

The Board has adopted a Continuous Disclosure Policy and Communication Strategy and has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. A copy of the Company's Continuous Disclosure Policy and Communication Strategy is available on the Company's website.

The Company will provide an explanation of departures from Principles and Recommendation 5.1 (if any) in its future annual reports.

Principle 6 – Respect the rights of security holders

Recommendation 6.1: *A listed entity should provide information about itself and its governance to investors via its website*

CORPORATE GOVERNANCE STATEMENT

The company's corporate governance plan is available on the company's website www.kinapetroleum.com under the section headed Corporate Governance. This annual report is also available on the company's and ASX's website.

Recommendation 6.2: *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

Recommendation 6.3: *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

Recommendation 6.4: *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company has established its Continuous Disclosure Policy and Communications Strategy to ensure its communicates effectively with shareholders. The Continuous Disclosure Policy and Communication Strategy ensures that shareholders are provided with ready access to balanced and understandable information about the Company and corporate proposals and that participation in general meetings of the Company is as accessible as possible. A summary of the Company's Continuous Disclosure Policy and Communication Strategy is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

The Company will provide an explanation of departures from Principles and Recommendations (if any) in its future annual reports.

Principle 7 – Recognise and manage risk

Recommendation 7.1: *The board of a listed entity should (a) have a committee or committees to oversee risk. The committee(s) should have at least 3 members a majority of whom are independent directors and be chaired by an independent director. If it does not have a committee or the committee does not satisfy the criteria in recommendation 7.1 then the company should disclose this and the processes used for overseeing the company's risk management framework.*

Recommendation 7.2: *The board or a committee of the board should (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and (b) disclose in relation to each reporting period, whether such a review has been undertaken.*

Actively considered at each meeting of the Board of Directors are the risks faced by the company and the systems and framework in place to manage them. The Board will assess the need for formal review of the company's risk management framework.

Recommendation 7.3: *A listed entity should disclose (a) if it has an internal audit function, and (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

Recommendation 7.4: *A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage those risks.*

The Company has established an Audit and Risk Management Committee to monitor and review on behalf of the Board the system of risk management which the Group has established. This system aims to identify, assess, monitor and manage operational and compliance risks. The Company complies with all recommendations having established a committee which consists of the three Non-Executive directors, a majority of whom are independent directors, and is chaired by an independent Director who is not the Company Chairman.

A copy of the Audit and Risk Management Charter and the Risk Management policy is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

The Board seeks written assurance from the Managing Director and CFO that systems of risk management and internal control are operating effectively in all material respects in relation to financial reporting.

The Company does not have an Internal Audit function as the scale of operations does not presently justify the existence of such a function. The matters that would customarily be dealt with by an internal audit function are managed by the Audit and Risk Management Committee via its charter. Additionally, as part of annual external audit, the company's auditors make enquiries of senior executives with regard to internal controls and similar processes and report the results of their enquiries to the Committee.

The company's exposure to risks of an economic, environmental and social nature are those which are common to participants in the Oil and Gas industry worldwide. The company manages economic risk through its business model of farming out higher risk exploration activity and only investing directly in development activity which is commercially

CORPORATE GOVERNANCE STATEMENT

viable. Environmental and social risks are managed through adherence to the requirements of the Oil and Gas Act (1998) and addressing landowner issues whenever the company is conducting field operations.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1: *The Board should establish a Remuneration Committee which has at least 3 members, a majority of whom are independent and which is chaired by an independent director. The charter and members of the committee, along with the number of meetings and attendees should be disclosed.*

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a remuneration committee.

Given the size of the Board and the Company's current operations, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it will operate under the Remuneration Committee Charter. The Remuneration Committee Charter provides for the Board to meet at least annually and otherwise as required.

Under the Remuneration and Nomination Committee Charter, the role of the Board (when convening as the Remuneration Committee) is to review the Company's remuneration practices and policies and establish appropriate remuneration levels including incentive policies for Directors and senior executives.

Recommendation 8.2: *A listed entity should separately disclose its policies and practices regarding the remuneration of its non-executive directors and the remuneration of executive directors and other senior executives.*

Recommendation 8.3: *A listed entity which has an equity-based remuneration scheme should (a) have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme, and (b) disclose that policy of a summary of it.*

As noted above, the full Board performs the function of the Remuneration Committee. To assist the Board to fulfil this function, it has adopted the Remuneration and Nomination Committee Charter, a copy of which is available on the Company's website at www.kinapetroleum.com under the section marked Corporate Governance.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed. There are no termination or retirement benefits for non executive Directors (other than for superannuation)

It is the Company's policy to prohibit transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company will provide an explanation of any departure from Principle and Recommendation 8.1, 8.2 or 8.3 (if any) in its annual report.