KINA PETROLEUM LIMITED
HALF YEAR REPORT

COMPANY NO. 1-63551 ARN 151 201 704

FOR THE HALF YEAR ENDED 30 JUNE 2018

The Directors present their report on the Company and its controlled entities for the half year ended 30 June 2018.

DIRECTORS

The names of Directors in office at any time during or since the end of the half year are:

Mr David Vance, Non-Executive Chairman appointed 6 November 2014 (appointed Chairman 11 September 2017)

Dr Ila Temu, Non-Executive Director appointed 31 May 2011

Mr Richard Schroder, Managing Director appointed 31 May 2011

Mr Barry Tan, Non-Executive Director appointed 1 March 2009

Mr Alain Vinson, Non-Executive Director appointed 11 September 2017

Half year report to the Australian Stock Exchange

Kina Petroleum Limited (ASX: "KPL") currently maintains working interests in Petroleum Retention Licences (PRLs) 21 & 38 and 10 exploration licences in PNG. Operations during the half year involved exploration and appraisal activities on these licenses.

Operational Highlights and Updates

In the first half of 2018 Kina's focus has been a continuation of its efforts from the latter part of 2017, including:

- resource certification for the Company's interest in PRLs 21 & 38, along with evalulation and development of commercialisation options for PRL 21 liquids;
- completing the evaluation of the portfolio of prospects and leads from Lizard in the east (PPL 340) to Aiambak in the west (PPL 435); and
- rationalising work programs and extensions of Western Province licences.

In PRL 21 Kina has a 16.75% equity position and holds a net 2C contingent resource of 8.1 million barrels of condensate (~ 48.3 million barrels, gross) and 186 BCF of gas (~ 1.1 TCF gross)[1]. Independent development and commercial analysis by Kina suggests these quantities are capable of supporting a robust liquids and phased small–mid scale LNG project at prices equivalent to, and lower than, those prevailing at the date of this report and which could be producing by the early 2020s. The inclusion of gas could almost double the value obtained from a development of PRL 21.

Timely development of liquids from PRL 21 would not only act as an incentive for exploration drilling and cost effective development in neighbouring licence PPL 437, in which Kina has a 57.5% equity position, but also encourage economic development and jobs in Kiunga and the Fly River area of Western Province. The upgraded 2C resource certification of 4.36 TCF for P'nyang (Kina has no interest in this field), lying less than 50 kilometres north of PPL 437, is encouraging for the development prospects of PPL 437 as any future pipeline to support development of that field is likely to pass through PPL 437.

PPLs 435, 436 and 437 are nearing the end of their first 6 year term. PPL 437 contains a number of attractive exploration targets for wet gas, one of which, Malisa, has been delineated by detail seismic and is considered drill ready. Drilling of Malisa and the follow up leads has been delayed due to the general downturn in the industry since 2014 and the delay in development of nearby PRL 21.

In 2018 Kina completed its technical analysis of the Fly Platform petroleum system. We remain highly encouraged by traps that developed as a result of reactivation of structures in the Oligo-Miocene along the Fly River Fault along the south edge of the platform. Of particular interest are the Aiambak and Alligator prospects generated at either end of the platform by faults oriented orthogonally to the Fly River Fault and which were also active in the Early Miocene. Kina can demonstrate source, reservoir, seal and charge for both of these structures with liquids charge confirmed by shows in wells like Marremsobab 1 and active oil seeps at Panakawa and Merauke. Gas charge is also confirmed by a gas test from Lake Murray 1, in 1973.

In eastern PNG our understanding of the carbonate play is improving and we hope acquisition of an integrated gravity gradiometry data set over PPL 338, south western PPL 339, PPL 581, 596 and 597 will help to rank the prospect inventory and resolve structural uncertainty.

Highlights for the half year ended 30 June 2018 include:

- **PRL 21 – Kina continues its evaluation and assessment of a liquids development concept, capable of first cash flow from the early 2020s, which could deliver material value and rates of return.**

- **PRL 38 – Kina and its partners are addressing a range of issues regarding continued tenure of the licence.**

- **PPL 338 (and 581, 596, 597 & 598) – Kina intends to purchase new gravity gradiometry data over these licences. The data will be integrated with existing data from PPL338 and PPL 339 to rank our prospect inventory prior to farm out.**

- **PPL 339 – Oil Search, as licence operator of PPL 339, continues to manage the licence extension process. Kina has farmed out field work necessary to mature the Kalangar/Eclectus prospect area to drill status. Data acquisition will commence once the licence is extended.**

- **PPL 340 –Kina has completed technical analysis of the Lizard Prospect. Kina intends to conduct a soil gas survey over the prospect to optimise seismic line locations and assist in the farm out process.**

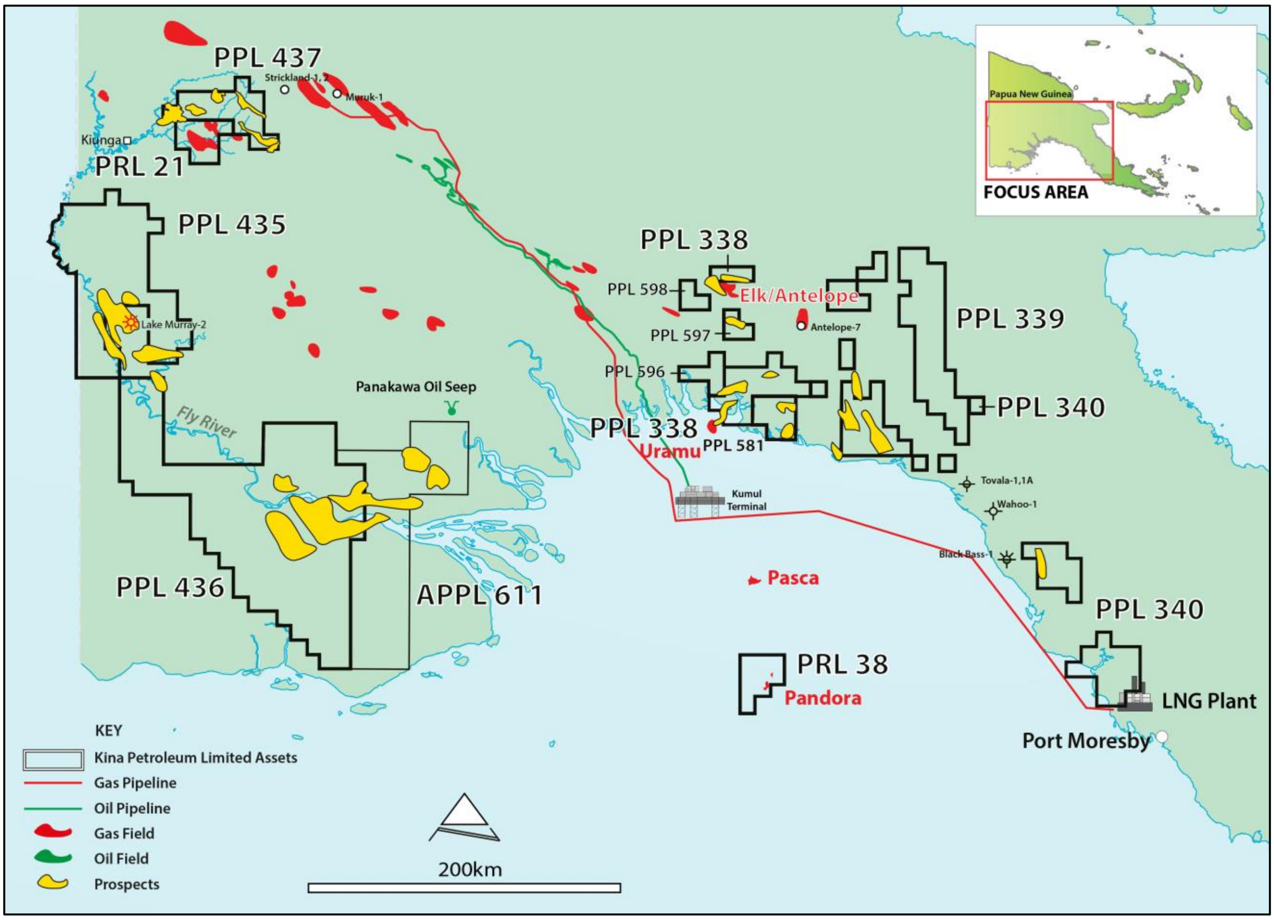
- **PPLs 435 & 436 – Extension Applications have been lodged for both licences. The focus of the applications will be the Alligator and Aiambak Prospects where Kina intends to conduct soil gas surveys over both prospects to high grade seismic line locations. Alligator and Aiambak are potentially giant closures located on the southern edge of the Fly Platform at margin of the Papuan Basin**

- **PPL 437 – The Malisa Prospect is a drill ready prospect close to PRL 21. Malisa has the potential to deliver a liquids resource as large as that certified in PRL 21 and a development announcement of the latter will fast track drilling of Malisa. Seismic acquisition over Ebony and Mango will occur as part of an extension work program currently being negotiated with the government of PNG.**

Overall, Kina operates in one of the most dynamic and challenging upstream environments in the world, not merely from a geological perspective but also (and particularly) from a commercial and socio-political point of view. Simply put, PNG is unique. The company is mindful that success in exploration and commercialisation of its discovered hydrocarbons requires appropriate resourcing and a flexible and responsive capital and corporate structure. To this end, Kina in the last year has reviewed options for re-positioning itself to meet the funding and operational challenges that it is anticipating in 2019 and beyond. The Board and management are nearing the end of the review process and look forward to progressing selected initiatives and discussing these with shareholders and other stakeholders in due course.

[1] Refer Kina Petroleum Limited's release to ASX and POMSOX dated 13 June 2018. The 2C Contingent resources have been calculated deterministically as at 31 March 2018 by Mr Nick Papalia of Global Capital Resources Pty Limited, both of whom have consented to the disclosure of these data.

Map of Kina Petroleum's licence interests



Petroleum Retention Leases (PRLs) 21 & 38 – Resource monetization focus

KPL has a 16.75% working interest in PRL 21 and a 25% working interest in PRL 38.

<u>PRL 21</u>

Kina believes the focus of the Joint Venture should include a near term liquids project. Kina continues to assess a development concept which could see first cash flow in the early 2020s delivering material value and rates of return based on monetisation of the recently confirmed net 2C contingent resources of 8.1mmbbl of condensate and 186bcf of gas.

<u>PRL 38</u>

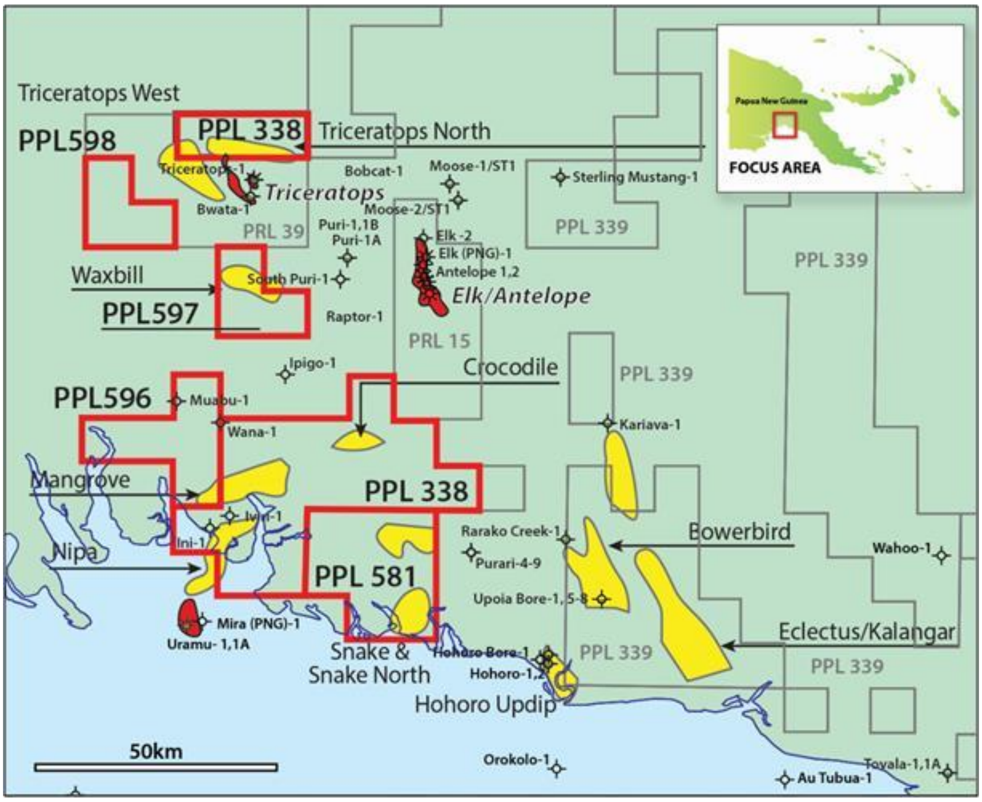
Negotiations amongst the joint venture parties themselves and between the joint venture and the government in relation to extension of the licence continue. These negotiations have included discussions regarding the parties who are best placed to assist in realising the future development of the Pandora asset as a resource which underpins an offshore development, potentially aggregated with the (offshore) Pasca field to the north (Kina has no interest in Pasca).

Kina has completed a full review of the 3D and 2D seismic data and existing well data and has had the resource certified and announced on 13 June 2018 a gross gas 2C Contingent resource of 900BCF for the Pandora fields. The resource at present is considered uneconomic but aggregation with Pasca and other nearby gas discoveries may justify future development and Kina wants to maintain if not increase its equity position in the licence.

A key issue for the licence participants going forward is the location of any well which would need to be drilled in the extension period. Kina recognises exploration upside in the licence south of Pandora and also notes the need to further appraise the Pandora A discovery. Critical to this decision will be determining the threshold reserve requirement to commercialise the field.

Petroleum Prospecting Licenses (PPLs) 338, 581, 596, 597 & 598

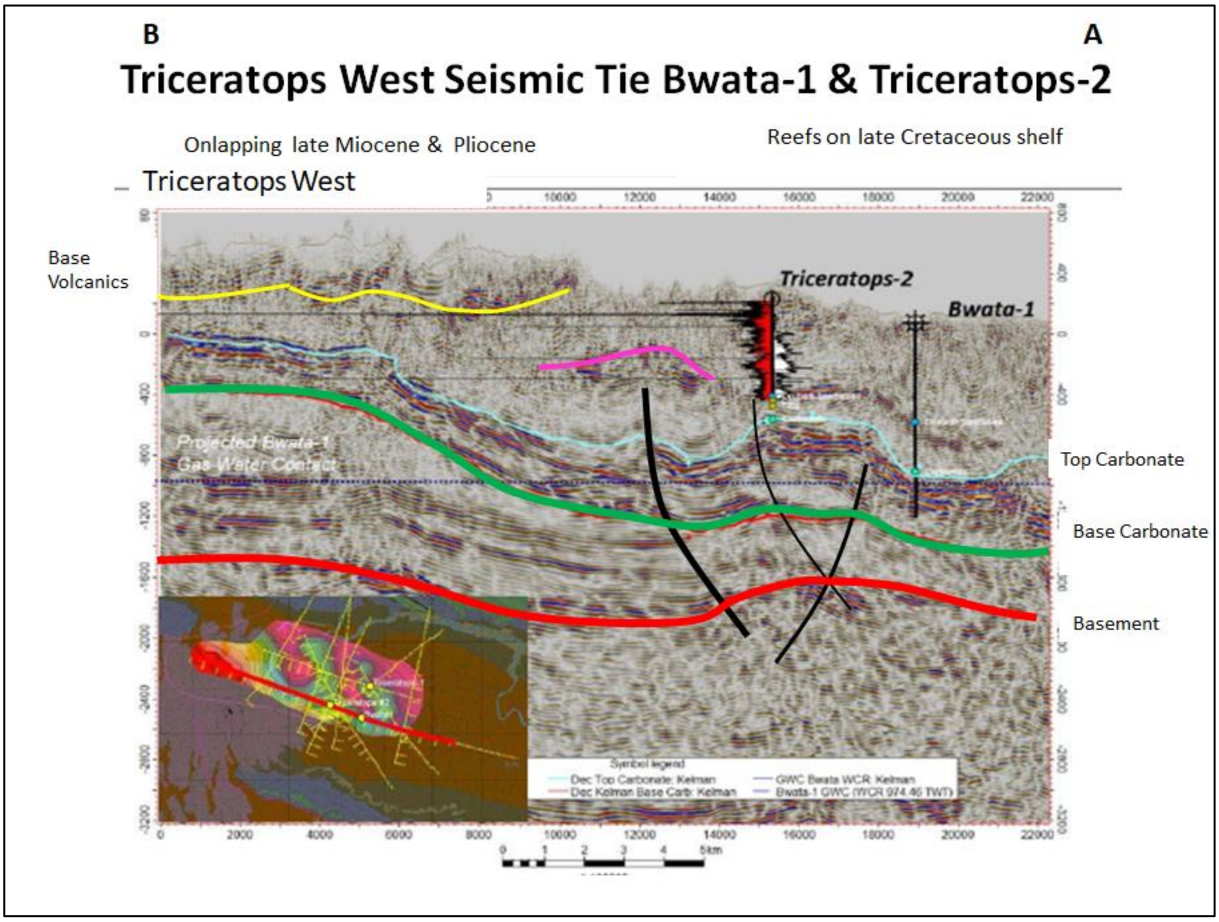
Kina Interest: 100%



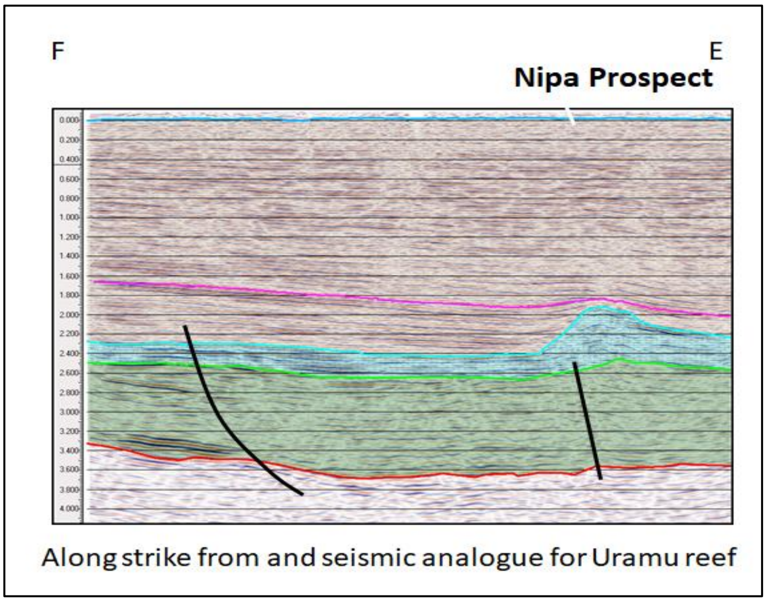
Prospects & Leads PPL 338, 581, 596, 597 & 598

These licences lie in the Tertiary carbonate play fairway defined by Elk/Antelope and Triceratops in the north and Uramu in the south. The giant Elk/Antelope Field lies at the north eastern margin of the basin where karstified and reefal Miocene carbonates are sealed by late Miocene to early Pliocene shales. From Uramu in the south to Elk/Antelope in the north the base carbonate unconformity cuts down into the late Jurassic to early Jurassic source rocks allowing direct discharge of hydrocarbons into the sealed carbonate reservoir.

The seismic traverse shown below is courtesy of (the former) InterOil Corporation and extends from Bwata through Triceratops 2 in the east close to outcropping Darai limestone in the west. Based on available data the Tricerastops West Prospect lies in a footwall to the outcropping carbonates and is sealed by Pliocene shales. Kina believes the structural grain of the top carbonate surface exhibits a sinistral shape and the Triceratops 2 and Triceratops West structures extend into northern PPL 338.



Triceratops West, Mangrove and Nipa are independent tests of the Elk/Antelope discovery ideally located onshore and in close proximity of proven wet gas discoveries. Waxbill, Snake and Crocodile offer excellent follow up potential in the event of success at Nipa and Mangrove.



At present the prospects are poorly constrained by modern seismic control. To fulfil the first 2 years obligation for the Extension Period of PPL 338 and the initial term of the new licences Kina will purchase gravity gradiometry coverage over Nipa, Mangrove, Crocodile, Snake and Waxbill. The new data will be merged with data over Triceratops, Elk/Antelope and Kalangar in PPL 339.

It is believed that the gravity gradiometry data will help constrain closures and the extent of the shelf edges from Uramu in the south, to Triceratops and Elk/Antelope in the north and Kalangar in the east. Subject to interpretation of the gravity gradiometry areas demonstrating closures in the vicinity of Nipa and Mangrove will become the focus for follow up seismic acquisition.

Petroleum Prospecting License (PPL) 339

Kina Interest: 30%.

PPL 339 is located in the eastern Papuan Basin, approximately 50km south and east of Elk Antelope. The PPL 339 extension process continues to be managed by licence operator Oil Search (PNG) Limited in consultation with the PNG Department of Petroleum. As the extension has not yet been received, field activity is not expected to occur until 2019. The Kalangar/Eclectus and Bowerbird gravity anomalies continue to be ranked as prospective because they exhibit some surface expression and numerous nearby oil and gas seeps providing evidence of an active petroleum system adjacent to the possible prospects. Seismic data shows evidence of recent structuring but interpretations of the data vary due to quality of the data and the complex detached nature of the faulting. Further field investigation is required to mature the recognised leads to drillable status.

The Kalangar/Eclectus and Bowerbird structures are on trend with an area of 2D and 3D offshore seismic data which shows a series of diapiric and possibly carbonate structures with Plio-Pleistocene deformation complicating and reducing interpretation confidence. Kina hopes that the integrated gravity data it intends purchasing for PPL 338 will help resolve some of the uncertainty in relation to prospects in PPL 339. Other techniques such as magneto-telluric investigations are being considered in advance of other field based geophysical activity over Kalangar/Eclectus.

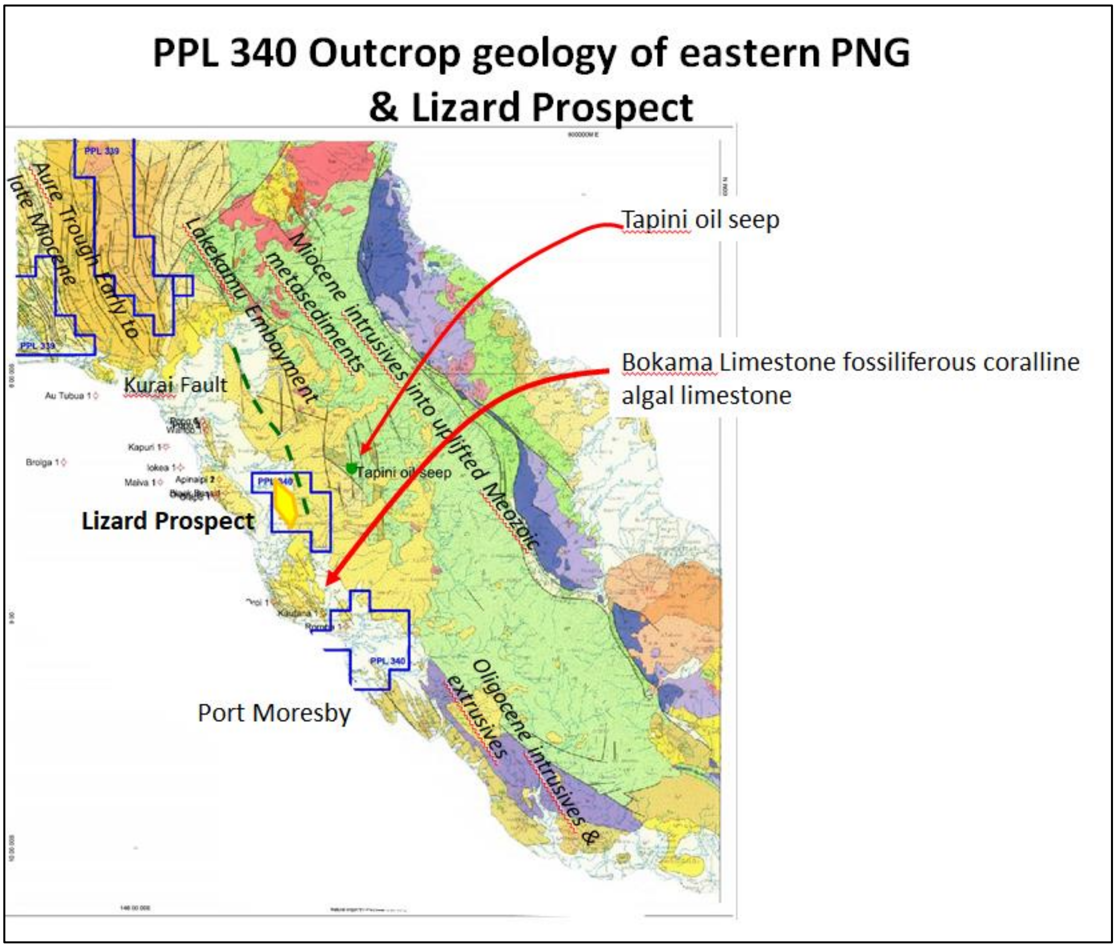
Kina has elected to farm out two thirds (a 20% participating interest) of its equity to Santos. As a result, Kina's exposure to forthcoming magneto telluric and/or seismic acquisition, planned in advance of drilling, is limited. In the event of drilling a well, and assuming Santos opt to retain their participating interest upon completion of geophysical fieldwork, Kina will be fully carried through the first $30m of that well's cost.

Petroleum Prospecting License (PPL) 340

Kina interest: 100%

PPL 340 is in the eastern Papuan Basin located northwest of Port Moresby in an area of easy access from the capital. An extension of PPL 340 was granted for a 5 year term commencing on 31 March 2017.

Extensive studies carried out by Kina have high graded Lizard as prospective for oil and wet gas. Lizard is located along the Kurai Fault, a north westerly trending structural feature separating the Lakekamu embayment from a shelf along which early Miocene carbonate reefs developed,



As has been noted in previous reports Kina acquired aerogravity data over PPL 340. A residual gravity anomaly is noted at the Lizard location and depth modelling tied to seismic data confirms an extension of the Kurai Fault forming an uplifted block conducive to reef development.

Like seismic data in PPL 339, the seismic data quality over Lizard is poor. Kina has scouted the Lizard location but in advance of expensive seismic acquisition it intends to reduce costs by high grading and optimising the area of coverage for the proposed seismic program by trialling other field technologies.

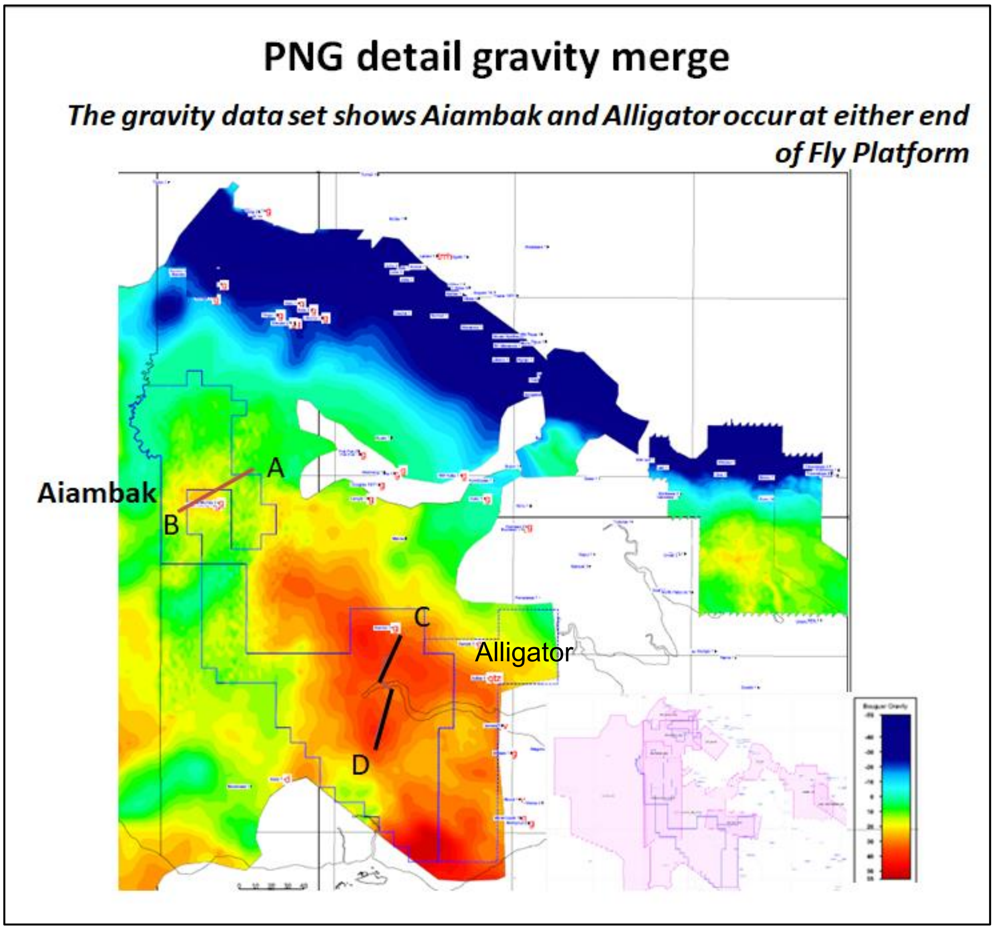
In PPL 339 Oil Search is investigating the potential of magneto-telluric technology to detect the depth of resistive layers in the sub-surface which may correlate with higher density carbonates interpreted from seismic data. In PPL 340 Kina intends to trial soil gas geochemical technology which measures hydrocarbon concentrations at surface in soils. Samples are analysed by a chromatograph in the field with higher anomalous concentrations mapped out for further investigation. It is hoped the technique may help to high grade an area for follow-up seismic over Lizard.

As has been noted previously Lizard is a large potential feature, close to Port Moresby, which Kina intends to farm out.

Petroleum Prospecting Licenses (PPLs) 435 & 436

Kina Interest: 100%

The Aiambak and Alligator Prospects are located at either end of the Fly Platform within PPLs 435 and 436, respectively. Kina's integrated gravity data set defines 2 large anomalies at the southern margin of the Fly Platform along the Fly River Fault.



On the basis of regional seismic control Kina has been able establish the presence of reservoir and sealing rocks at Aiambak and Alligator which lie on migration pathways out of mature source rock kitchens undergoing present day loading.

From regional seismic control Kina has been able to define basement architecture, depositional history and the timing of fault movements critical to trap formation.

The Aiambak to Alligator play trend along the Fly River Fault covers a large area and will be expensive to delineate using seismic acquisition alone. The gravity data confirms the potential for large traps to develop on the Fly Platform and our reprocessed seismic data offers encouragement for presence of reservoir seal and charge for the play trend. The seismic costs are high and in places higher than the cost of a well. As was stated in previous reports Kina is undertaking farm out discussions with interested parties but in parallel with those discussions is looking at techniques which will high grade areas for detail seismic to reduce costs.

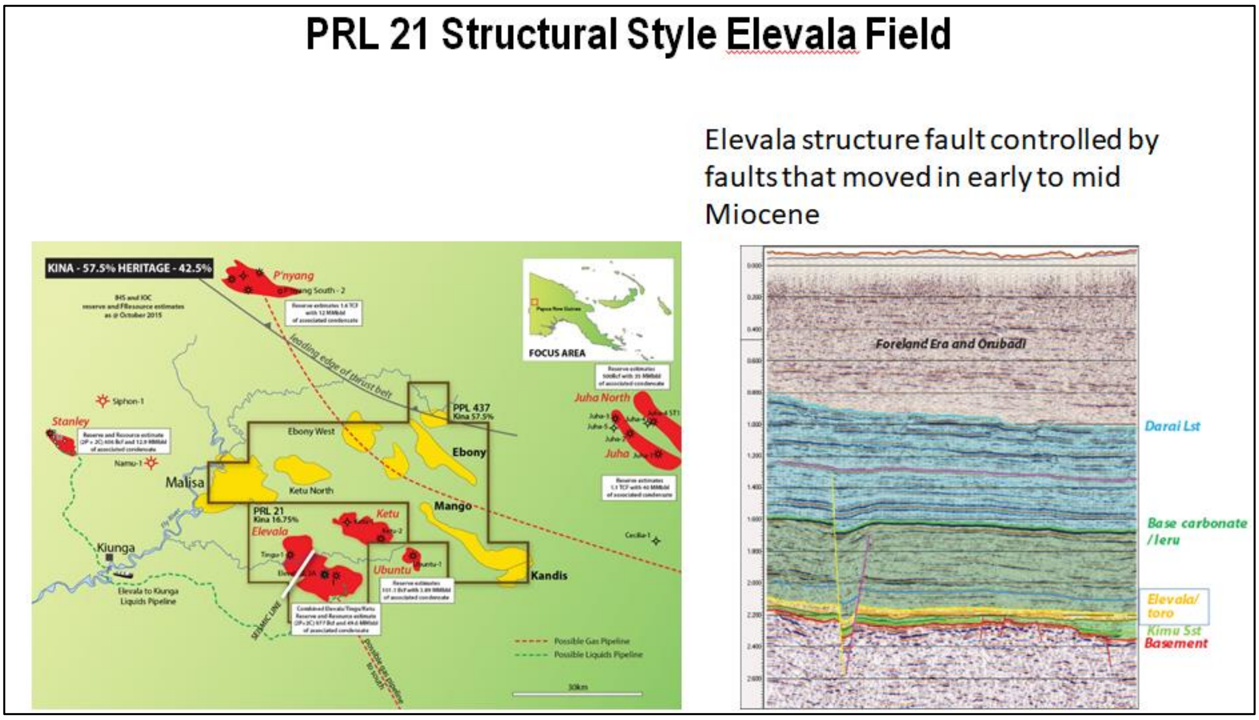
Regional soil gas geochemical surveys carried out in 1987 provided interesting responses over Aiambak that we wish to corroborate with a follow up survey. No surface geochemical work has been carried out in PPL 436 and if our studies in PPLs 340 and 435 prove soil gas surveys to be of benefit we hope the technology can be used to reduce the amount of seismic required to define a well location.

Of course there will be questions about the likelihood of shallow traps such as Alligator hosting large volumes of oil and gas. The best answer to those questions is to point to Troll Field in Norway discovered by Shell and others by the 31/2-1 well in 1979. The discovery well intersected Late Jurassic sandstone reservoir at a depth of 1200-1500m subsea but only 900m sub sea bed which is shallower than the proposed depth of burial of Jurassic and early Cretaceous reservoirs mapped at Alligator prospect. The Troll discovery covered an area of 710 sqkm with gas in place of 60 trillion cubic feet and original oil in place of 3.9 billion barrels of non-biodegraded oil. Like Alligator Cretaceous structuring established the trap and when it was later brought on production initial production rate was of the order of 500,000 bopd and although on decline now it is still providing gas into Europe. Alligator is one of the largest undrilled structurers in PNG and whilst it will present certain cost and operational challenges, these will be far easier to meet than the challenges found in the Foldbelt exploration environment of the PNG highlands.

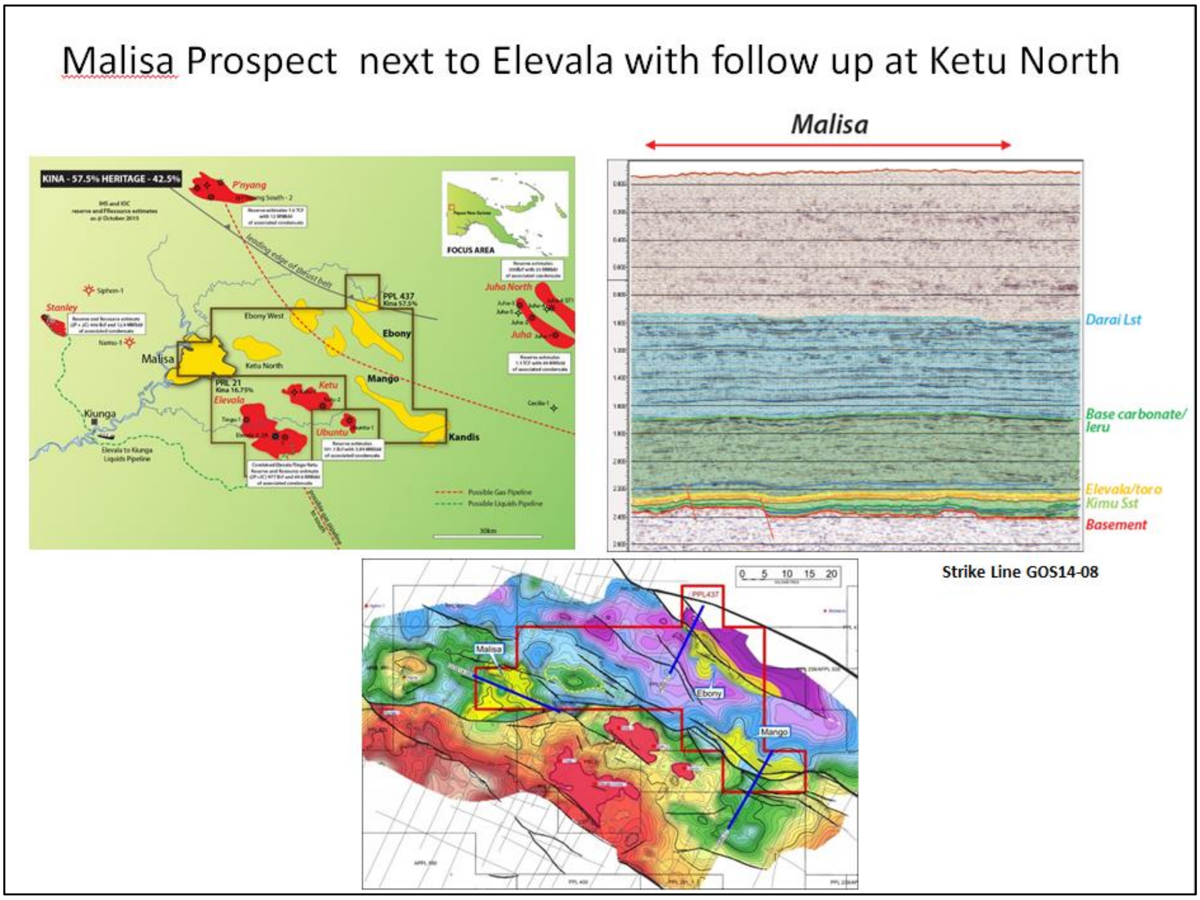
Petroleum Prospecting License (PPL) 437

Kina Interest: 57.5%

PPL 437 is located in the Western Province of PNG, immediately north of PRL 21 (Ketu-Elevala) and south of Hides, Muruk, Juha and P'nyang, where multiple exploration targets exist in the Elevala and Toro Sandstones and Kimu Sands.



In PPL 437, the Malisa Prospect is considered drill ready and with interpreted presence of Elevala and Kimu sandstone reservoirs, has a potential resource size comparable to the certified 2C Contigent Resource in PRL 21. Malisa lies between the Elevala and Ketu discoveries and the Siphon-1 and Nama-1 wells. Siphon and Nama had disappointing results but they were located on an early Cretaceous high that underwent significant burial in the early and mid-Miocene periods. By contrast, Malisa did not undergo the same process during this period which should improve the potential for better reservoir quality at Malisa.


Malisa Prospect next to Elevala with follow up at Ketu North
KINA - 57.5% HERITAGE - 42.5%
P'nyang
Stanley
Siphon-1
FOCUS AREA
PPL 437
Kina 57.5%
Juha North
Juha
Ebony West
Ebony
Malisa
Ketu North
PPL 21
Kina 16.75%
Elevala
Ketu
Mango
Ubuntu
Kandis
Kiunga
Elevala to Kiunga Liquids Pipeline
Possible Gas Pipeline
Possible Liquids Pipeline
30km
Malisa
Darai Lst
Base carbonate/ Ieru
Elevala/toro
Kimu Sst
Basement
Strike Line GOS14-08
PPL437
Malisa
Ebony
Mango

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2018

	2018	2017
	US$	US$
Revenue	**2,102**	2,143
Share-based payments	**(33,728)**	(47,823)
Administration expenses	**(310,843)**	(361,428)
Consultancy fees	**(148,655)**	(192,860)
Foreign exchange losses	**(1,385)**	(23,068)
Exploration expense	**(1,157,320)**	(599,112)
Loss before income tax	**(1,649,829)**	(1,222,148)
Income tax expense	**-**	-
Loss after income tax	**(1,649,829)**	(1,222,148)
Other comprehensive income		
Foreign currency translation difference	**(17,355)**	30,709
Other comprehensive income for the period	**(17,355)**	30,709
Total comprehensive loss for the period attributable to members of the Parent Entity	**(1,667,184)**	(1,191,439)

Earnings per share	**In US cents**	
From continuing operations:		
Basic loss per share	**(0.4)**	(0.4)
Diluted loss per share	**(0.4)**	(0.4)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	As at 30 June 2018	As at 31 December 2017
	US$	**US$**
CURRENT ASSETS		
Cash and cash equivalents	**7,750,382**	8,933,365
Trade and other receivables	**87,542**	116,881
Other current assets	**3,702**	19,828
TOTAL CURRENT ASSETS	**7,841,626**	9,070,074
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	**26,226,299**	25,710,007
Plant and equipment	**7,998**	11,267
Other non-current assets	**317,407**	303,800
TOTAL NON-CURRENT ASSETS	**26,551,704**	26,025,074
TOTAL ASSETS	**34,393,330**	35,095,148
CURRENT LIABILITIES		
Trade and other payables	**762,336**	428,310
Provisions	**687,493**	89,477
TOTAL CURRENT LIABILITIES	**1,449,829**	517,787
NON CURRENT LIABILITIES		
Provisions	**20,935**	21,339
TOTAL NON CURRENT LIABILITIES	**20,935**	21,339
TOTAL LIABILITIES	**1,470,764**	539,126
NET ASSETS	**32,922,566**	34,556,022
EQUITY		
Issued capital	**53,763,235**	53,763,235
Reserves	**(49,398)**	(65,771)
Accumulated losses	**(20,791,271)**	(19,141,442)
TOTAL EQUITY	**32,922,566**	34,556,022

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2018

	Ordinary Issued Capital	Accumulated Losses	Reserves	Total
	US$	US$	US$	US$
For the period 1 January 2018 to 30 June 2018				
Balance at 1 January 2018	**53,763,235**	**(19,141,442)**	**(65,771)**	**34,556,022**
Loss for the period	**-**	**(1,649,829)**	**-**	**(1,649,829)**
Other comprehensive income				
Foreign currency translation difference for the period, net of tax	**-**	**-**	**(17,355)**	**(17,355)**
Total comprehensive income	**-**	**(1,649,829)**	**(17,355)**	**(1,667,184)**
Transactions with owners in their capacity as owners:				
Share entitlement under Employee Incentive Plan	**-**	**-**	**33,728**	**33,728**
Balance at 30 June 2018	**53,763,235**	**(20,791,271)**	**(49,398)**	**32,922,566**

	Ordinary Issued Capital	Accumulated Losses	Reserves	Total
For the period 1 January 2017 to 30 June 2017				
Balance at 1 January 2017	**49,389,418**	**(16,472,651)**	**66,773**	**32,983,540**
Loss for the period	**-**	**(1,222,148)**	**-**	**(1,222,148)**
Other comprehensive income				
Foreign currency translation difference for the period, net of tax	**-**	**-**	**30,709**	**30,709**
Total comprehensive income	**-**	**(1,222,148)**	**30,709**	**(1,191,439)**
Transactions with owners in their capacity as owners:				
Directors' shares issued per Employee Incentive Plan	**232,550**	**-**	**(232,550)**	**-**
Employee shares issued per Employee Incentive Plan	**15,102**	**-**	**-**	**15,102**
Share entitlement under Employee Incentive Plan	**-**	**-**	**32,721**	**32,721**
Balance at 30 June 2017	**49,637,070**	**(17,694,799)**	**(102,347)**	**31,839,924**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2018

	2018	2017
	US$	US$
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	**(602,937)**	(618,801)
Interest received	**2,102**	2,143
Net cash used in operating activities	**(600,835)**	(616,658)
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	**(582,148)**	(807,810)
Payment received for assumption of restoration obligation	**-**	623,028
Net cash used in investing activities	**(582,148)**	(184,782)
Net decrease in cash and cash equivalents held	**(1,182,983)**	(801,440)
Cash at beginning of year	**8,933,365**	7,145,597
Cash at end of period	**7,750,382**	6,344,157

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

Note 1 - Basis of preparation

The half year financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The half year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017.

The accounting policies applied by the Company in the consolidated financial statements for the year ended 31 December 2017 have been applied consistently with the half year financial statements.

Comparative information has been presented in the financial statements to enable an understanding of the results and financial position for the half year ended 30 June 2018.

Going concern
These financial statements have been prepared on a going-concern basis which assumes that the Company will continue to progress its exploration and development activities in accordance with its normal plans. The directors believe that the Company is able to meet its debts as and when they fall due for at least the next 12 months.

Note 2 - Cash

	As at 30 June 2017 US$	As at 31 December 2017 US$
(a) Composition of cash		
Cash at bank	**7,750,382**	8,933,365

(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities	Half year ended 30 June 2018 US$	Half year ended 30 June 2017 US$
Loss from ordinary activities after income tax	**(1,649,829)**	(1,222,148)
Add Back		
Non-cash expense – shared based payments	**33,728**	47,823
Non-cash expense – depreciation	**5,648**	2,064
Non-cash expense – foreign exchange loss	**1,386**	23,068
Non-operating item – exploration expense relating to investment activity	**1,157,320**	599,112
Changes in assets and liabilities relating to operations:		
- Decrease in receivables	**12,445**	25,165
- Increase in other current assets	**(2,680)**	(29,528)
- Increase/(Decrease) in trade and other payables	**(92,154)**	(62,214)
- Increase in provisions	**(66,699)**	-
Net cash used in operating activities	**(600,835)**	(616,658)

Note 3 - Segment information

(a) Identification of reportable segments

The consolidated group has identified its reportable segments based on the location of its exploration assets within Papua New Guinea.

- PPLs 338, 339, 340, 581, 596, 597 & 598 – located in the Southern Papuan Basin which is a proven hydrocarbon province
- PPLs 435, 436 and 437 – located in the Western Papuan Basin, adjacent to PRL 21.
- Petroleum Retention License (PRL) 21 – located in the Western Province of PNG and contains three wet gas discoveries. The Group has a 16.75% interest in PRL 21 which is governed by a Joint Operating Agreement.
- Petroleum Retention License (PRL) 38 – located in the Gulf of Papua and containing the Pandora Gas fields. The Group has a 25% interest in PRL 38 and at the date of this report is negotiating a Joint Operating Agreement.

(b) Segment information

30 June 2018	Balance at beginning of the period	Exploration costs incurred	Exploration costs expensed	Balance at period end	% of total expenditure
	US$	US$	US$	US$	%
PPL 338	13,767	32,227	(32,227)	13,767	0.05
PPLs 581/596/597/598	-	12,340	(12,340)	-	0.00
PPL 339	25,017	1,062,784	(657,872)	429,929	1.64
PPL 340	16,205	31,345	(31,345)	16,205	0.06
PPL 435	26,611	42,152	(42,152)	26,611	0.11
PPL 436	24,604	43,453	(43,453)	24,604	0.10
PPL 437	5,694	21,080	(21,080)	5,694	0.02
PRL 21	21,512,788	345,951	(234,571)	21,624,168	82.45
PRL 38	4,085,321	82,281	(82,281)	4,085,321	15.57
	25,710,007	**1,673,613**	**(1,157,321)**	**26,226,299**	**100.00**

30 June 2017	Balance at beginning of the period	Exploration costs incurred/ (credited)	Exploration costs expensed	Balance at period end	% of total expenditure
	US$	US$	US$	US$	%
PPL 338	13,767	40,699	(40,699)	13,767	0.05
PPLs 581/596/597/598	-	3,766	(3,766)	-	0.00
PPL 339	25,017	40,316	(40,316)	25,017	0.10
PPL 340	16,205	37,829	(37,829)	16,205	0.06
PPL 435	26,611	24,793	(24,793)	26,611	0.11
PPL 436	24,604	32,563	(32,563)	24,604	0.10
PPL 437	5,694	24,971	(24,971)	5,694	0.02
PRL 21	21,694,118	(153,254)	(321,113)	21,219,751	83.49
PRL 38	4,085,321	73,060	(73,060)	4,085,321	16.07
	25,891,337	**124,743**	**(599,110)**	**25,416,970**	**100.00**

Note 4 – Controlled entities

Controlled Entities Consolidated

Subsidiaries of Kina Petroleum Limited	Country of incorporation	Percentage Owned (%) As at 30 June 2018	Percentage Owned (%) As at 30 June 2017
Kina Oil and Gas Pty Ltd	Australia	**100**	100
Kina Petroleum (PRL 21) Ltd	PNG	**100**	100
Kina Petroleum (PRL 38) Ltd	PNG	**100**	100
Kina Petroleum (PPL 337) Ltd*	PNG	**100**	100
Kina Petroleum (PPL 338) Ltd*	PNG	**100**	100
Kina Petroleum (PPL 339) Ltd	PNG	**100**	100
Kina Petroleum (PPL 340) Ltd*	PNG	**100**	100
Kina Petroleum (PPL 435) Ltd*	PNG	**100**	100
Kina Petroleum (PPL 436) Ltd*	PNG	**100**	100
Kina Petroleum (PPL 437) Ltd*	PNG	**100**	100

* These entities were dormant at 30 June 2018.

Note 5 - Earnings per share

	For the half year ended 30 June 2018 US$	For the half year ended 30 June 2017 US$
Operating loss after income tax used in the calculation of basic and diluted loss per share	**(1,649,829)**	(1,222,148)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	**382,752,788**	306,951,102
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted loss per share	**382,752,788**	306,951,102

Note 6 – Subsequent events

There were no events subsequent to balance date of a material nature.

Company details

AUSTRALIAN REGISTERED OFFICE
Suite 9, Level 2
111 Harrington Street
Sydney NSW 2000

PAPUA NEW GUINEA REGISTERED OFFICE
Portion 359
Scratchley Road
Badili, National Capital District
Papua New Guinea

PRINCIPAL PLACE OF BUSINESS

Australia
Suite 9, Level 2
111 Harrington Street
Sydney NSW 2000

Papua New Guinea
Level 10, Pacific Place
Corner of Musgrave St and Champion Pde
Port Moresby, National Capital District
Papua New Guinea

In accordance with a resolution of the Directors of the Company, the Directors declare that:

1. the attached condensed financial statements and notes thereto of the Group, comprising the company and its controlled entities, as set out on pages 11 to 18:

    (a) give a true and fair view of the financial position of the Group as at 30 June 2018 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and

    (b) comply with International Accounting Standard IAS34: Interim Financial Reporting, other generally accepted accounting practices in Papua New Guinea, and ASX listing rules relating to half yearly financial reports;

2. the Managing Director and Chief Financial Officer have each declared that:

    (a) the financial records of the Group for the half year ended 30 June 2018 have been properly maintained;

    (b) the condensed financial statements and notes comply with International Accounting Standard IAS34: Interim Financial Reporting and ASX listing rules relating to half yearly financial reports;

    (c) the condensed financial statements and notes give a true and fair view of the financial position of the Group as at 30 June 2018 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date.

3. in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated this 10th day of September 2018

Richard Schroder
Managing Director

Report on review of interim financial information

to the Directors of Kina Petroleum Limited

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kina Petroleum Limited (the Company) and its subsidiaries (the Group) as at 30 June 2018 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

Restriction on distribution or use

This report is made solely to the Directors of the Company, as a body. Our review work has been undertaken so that we might state to the Directors those matters which we are required to state to them in our review report and for no other purpose. We do not accept or assume responsibility to anyone other than the Directors of the Company, as a body, for our review work, for this report or for the conclusions we have formed.

PricewaterhouseCoopers

Christopher Hansor
Partner
Registered under the Accountants Act 1996

Port Moresby
10 September 2018

PricewaterhouseCoopers
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